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Sinatra, the Century's Great Voice

America's Blue-Eyed Crooner and Actor Is Dead at 82

By Stephen Holden
New York Times Service

NEW YORK — Frank Sinatra, the self-described saloon singer and actor who became one of the most popular American entertainers of the 20th century, died Thursday night in Los Angeles. He was 82 years old.

The cause was a heart attack, said his publicist, Susan Reynolds. Widely held to be the greatest singer in American pop history, Mr. Sinatra was also the first modern pop superstar. He defined that role in the early 1940s when his first solo appearances provoked the kind of mass pandemonium that later greeted Elvis Presley and the Beatles.

During a show business career that spanned more than 50 years and comprised recordings, film and television as well as countless performances in nightclubs, concert halls and sports arenas, Mr. Sinatra stood as a singular mirror of the American psyche.

His evolution from the idealistic crooner of the early 1940s to the sophisticated swinger of the '50s and '60s seemed to personify the country's loss of innocence. In a series of brilliant conceptual albums, he codified a musical vocabulary of adult relationships



Mr. Sinatra singing at Radio City Music Hall in New York in 1992.

with which millions identified. The haunted voice heard on a jukebox in the wee small hours of the morning lamenting the end of a love affair was the same voice that jubilantly invited the world to "come fly with me" to exotic realms in a never-ending party.

Mr. Sinatra appeared in more than 50 films, and won an Academy Award as best supporting actor for his portrayal of the feisty misfit soldier Maggio in "From Here to Eternity" (1953).

It was as a singer that he exerted the strongest cultural influence. The skinny blue-eyed crooner, quickly nicknamed the Voice, made hordes of bobby-soxers swoon in the 1940s with an extraordinarily smooth and flexible baritone that he wielded with matchless skill.

After the voice lost its velvety youthfulness, Mr. Sinatra's interpretations grew more personal and idiosyncratic. The changes in his vocal timbre coincided with a precipitous career descent in the late 1940s and early '50s. But in 1953, Mr. Sinatra made one of the most spectacular career comebacks in show business history, re-emerging as a coarser-voiced, jazzier interpreter of popular standards who put a more aggressive personal stamp on his songs.

On a deeper level, Mr. Sinatra's career and public image touched many aspects of American cultural life. For millions, his ascent from humble Italian-American roots in Hoboken, New

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Jakarta Counts Its Dead As Troops Patrol Streets

Rioting Is Scattered; Suharto Remains Silent

By Keith B. Richburg
Washington Post Service

JAKARTA — Heavily armed troops, with tanks backing them up, patrolled the debris-strewn streets of this capital on Friday. And as Indonesians counted the scores of victims killed in Thursday's violent outbursts, rioting, they awaited the next act in their national drama now being played out in the presidential residence.

With the death toll from Thursday's riots at more than 200 and rising — and

Panicked foreigners continue rush to get out of Indonesia. Page 4.

with foreign embassies, including that of the United States, arranging charter flights to evacuate nationals from this shocked and devastated city — President Suharto remained cloistered with his advisers, issuing no statements, making no public appearances and giving no hint as to how he intended to respond to calls for his resignation now coming even from within his ruling party.

While many observing this cryptic shadow play remained convinced that Mr. Suharto's 32-year rule is nearing its end, few here offered specific scenarios for how the finale might come about.

"You still don't know what he's thinking, because he hasn't said anything," a Western diplomat said. "The people who are going to decide aren't talking about what they're going to do. It's going to remain a closed book for a while."

There was more rioting Friday, but it was more scattered and on a smaller scale than on Thursday.

In a move intended to mollify a public angry and frustrated over the deteriorating economic situation, the government announced that it was revoking the hefty price increases on fuel and electricity it imposed 10 days ago.

The price hikes prompted rioting and increased the demands of university students who have been holding protests almost every day to call for Mr. Suharto's resignation and major political reforms.

The price increases were one of the conditions demanded by the International Monetary Fund for a \$43 billion bailout of the economy. Friday's reversal put Indonesia on a new collision course with its international financial backers, imperiling the rescue package and raising questions about whether this government has the commitment and the public support necessary to carry out economic reforms. In the face of the unrest, the entire IMF team in Jakarta fled the country.

The move to rescind the price increases appeared to be a belated effort to contain the rage that exploded on the

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Rioters in Jakarta attacking a portrait of Liem Sioe Liong, Indonesia's richest man, after they looted and burned his home. Many wealthy ethnic Chinese had sent their money abroad long before the violence. Page 11.

Ethnic Chinese Once Again on the Run

They Try to Flee City After Riots and Arson

By Mark Landler
New York Times Service

JAKARTA — They huddled in hotel lobbies, trying to book plane reservations. They stood on street corners, pleading with taxi drivers to take them to the airport. Those who could not flee covered in their shops, peering out of corrugated metal barriers at a city that had turned suddenly against them.

For the ethnic Chinese, Jakarta has become deadly ground.

"I'm getting out of here tonight," said Joseph Chun, a Hong Kong businessman who has lived in Jakarta for two years. "This place is out of control."

Violence against the ethnic Chinese has been an ugly sideshow to every Indonesian political upheaval since Dutch colonial days. But on Thursday it took center stage, as angry mobs looted and burned hundreds of Chinese-owned shops, banks, restaurants, homes and cars in the capital. More than a dozen ethnic Chinese were killed after being trapped in burning buildings.

Chinese people who tried to flee the city Wednesday night faced another ter-

rifying ordeal as mobs stopped cars on the airport highway, searching for Chinese passengers. There were no reports of people killed or injured.

On Friday, the Chinese debated when it was safe to go to the airport. But even those who made it there found that flights to Hong Kong and Singapore were fully booked.

While the rioters are calling for the downfall of President Suharto, he is a remote figure who rarely mingles with the public. Since his return to Jakarta from Egypt on Friday, he has been sequestered behind the gates of the Pres-

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A Summit Bid to Head Off Nuclear Race

Clinton Seeks Condemnation of India and a Plea for Pakistani Restraint

By Alan Friedman
International Herald Tribune

BIRMINGHAM, England — President Bill Clinton called for the summit meeting of leading industrialized nations that began here Friday to issue a "strong and unambiguous" condemnation of India's explosion of five nuclear devices and to find a way to persuade Pakistan not to join the nuclear arms race by initiating its own tests.

But Britain, which is presiding over the annual economic summit talks of what has become the Group of Eight, ruled out the idea of any coordinated economic sanctions against India, reflecting the reluctance of Prime Minister Tony Blair and his counterparts from France and Russia to join in such an action.

"I don't envisage any G-8 economic sanctions as the Americans have done," a spokesman for Mr. Blair said. "If you're looking for a kind of package put together by the U.S., then the answer is no."

India's nuclear tests, together with

the mounting violence and political crisis in Indonesia, overshadowed the start of the ostensibly economic meetings here, with government chiefs devoting much of their working dinner Friday night to the twin political troubles in Asia.

Mr. Clinton also made a point Friday of calling for political reform in Indonesia, although he stopped short of commenting on whether President Suharto should step down.

Prime Minister Ryutaro Hashimoto of Japan emerged Friday as Mr. Clinton's most outspoken ally on the issue of

India Can Produce A 'Big Bomb Now'

The Indian prime minister says India has the capability of making a "big bomb now," but that it will only use nuclear weapons for defense. • U.S. sanctions on India may be blunted by the lack of enthusiasm in Europe for this form of punishment. Page 5.

nuclear proliferation on the Asian Subcontinent. The United States and Japan have already imposed economic sanctions on New Delhi. "We have to stop the contagious effect of this experiment," Mr. Hashimoto said after meeting with Mr. Clinton ahead of the official start of the summit talks.

Aides to Mr. Hashimoto also said Friday that Tokyo would impose sanctions on Pakistan if it went ahead with nuclear tests. And before the start of the summit meeting, the United States and Japan announced agreement on a package of measures to deregulate several important sectors of the Japanese economy and provide greater openings to foreign companies. Page 11.

President Boris Yeltsin of Russia said upon his arrival in Birmingham that he was sure the leaders would debate how to halt the spread of nuclear weapons following the Indian tests.

"Yes of course, we cannot avoid this question," he said. Although Canada is among the G-8 countries that are op-

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China Military Tied to Democrats' Funds

New York Times Service

The following article was written by Jeff Gerth, with additional reporting by David Johnston and Don Van Natta.

WASHINGTON — A Democratic fund-raiser has told federal investigators he funneled tens of thousands of dollars from a Chinese military officer to the Democrats during President Bill Clinton's 1996 re-election campaign, according to lawyers and officials with knowledge of the Justice Department's campaign finance inquiry.

The fund-raiser, Johnny Chung, told investigators that a large part of the nearly \$100,000 he gave to Democratic causes in the summer of 1996 — including \$80,000 to the Democratic National Committee — came from China's People's Liberation Army, through a Chinese lieutenant colonel and aerospace executive whose father was General Liu Huaqing, the officials and lawyers said.

General Liu was then not only China's top military commander but also a member of the top leadership of the Communist Party.

Mr. Chung said the aerospace executive, Liu Chao-ying, told him the source of the money. At one fund-raiser to which Mr. Chung gained her admission, she was photographed with Mr. Clinton.

A special adviser to the White House counsel, Jim Kennedy, said, "We had

no knowledge about the source of Mr. Chung's money or the background of his guest. In hindsight it was clearly not appropriate for Chung to bring her to see the president."

Mr. Chung's account, coupled with supporting documents such as bank records, is the first direct evidence obtained by the Justice Department that elements of the Chinese government made illegal contributions to the Democratic Party. Under American law, foreign governments are prohibited from contributing to political campaigns.

While the amount described is a tiny part of the \$194 million that Democrats raised in 1996, investigators regard the identification of Miss Liu as a breakthrough in their search for confirmation

of a "China Plan." The hunt was prompted after U.S. intelligence intercepted telephone conversations suggesting that Beijing considered covertly influencing the American elections.

Mr. Chung, a Southern California businessman, began cooperating with investigators after he pleaded guilty in March to campaign-related bank and tax fraud. He is the first defendant in the Justice Department inquiry to agree to cooperate.

It is not clear whether other Chinese officials or executives were involved in the purported payments by Miss Liu, or what her motivation or the Chinese military's was. At the time, Mr. Clinton was

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AGENDA

Pilot Sentenced in Airline Bomb Plot

The Dollar			
New York	Friday @ 4 P.M.	previous close	
DM	1.785	1.7789	
Pound	1.6282	1.631	
Yen	134.53	133.886	
FF	5.9845	5.965	

The Dow			
	Friday close	previous close	
	-75.23	9098.00	9172.23
S&P 500			
	Friday @ 4 P.M.	previous close	
change	-8.53	1108.74	1117.37

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Newstand Prices			
Andorra	10.00 FF	Lebanon	11.3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1.600 CFA	Qatar	12.50 QR
Egypt	5.50	Réunion	10 SR
France	10.00 FF	Saudi Arabia	1.100 CFA
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2.800 Lire	Spain	225 Pes
Ivory Coast	1.250 CFA	Tunisia	1.250 Din
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Ml. (Eur.)	\$1.20

Palestinians Hurl Rocks At Jewish Worshipers

Dozens Are Evacuated From Western Wall

JERUSALEM — Palestinians threw rocks at Jewish worshipers at the Western Wall in Jerusalem on Friday, a day after Israeli troops shot and killed nine Arabs in the West Bank and Gaza Strip.

Israeli policemen moved in quickly to evacuate dozens of Jews from Judaism's holiest site at the foot of the Temple Mount, where thousands of Muslims had held Friday prayers in Al Aqsa mosque.

Shmuel Ben-Ruby, a police spokesman, said that no one was injured when rocks rained down from the Temple Mount, and that the violence subsided within minutes.

The police had rushed reinforcements to the walled Old City in preparation for more unrest after the most violent day in

the West Bank and Gaza in almost two years.

Hundreds of thousands of Palestinian protesters took to the streets on Thursday to mark "al nakba," or "the catastrophe," resulting from Israel's creation in 1948.

"What happened yesterday was a process of sniping at our wounded and our martyrs," Yasser Arafat, the Palestinian leader, said in Gaza on Friday. "It was a barbaric operation."

In Hebron, rock-throwing Palestinians clashed with Israeli soldiers along the tense line dividing the Israeli- and Palestinian-controlled sectors of the West Bank town.

Witnesses said an Israeli newspaper photographer was hit in the stomach by rubber-coated metal bullets fired by Israeli soldiers. He was taken to a hospital for treatment. Army radio said his injuries were not life-threatening.

In Gaza City, hundreds of people chanting, "Netanyahu, our people will never kneel," took part Friday in the funeral of one of the casualties, Jamal Wahidi, 55, a nurse and father of 14.

"Jamal was killed while trying to assist one of the wounded," said his cousin, Jamal Wahidi. "He was hit by four bullets, two in the chest, one in the heart and one on his finger."

Israeli Army officers said Thursday that troops had opened fire only when they believed their lives were in danger. Outside the West Bank town of Nablus on Friday, about 200 Palestinians threw stones at Israeli soldiers, who took shelter behind military checkpoints, witnesses said.

The soldiers responded with rubber bullets and tear gas, but no one was wounded.

Israelis Answer Torture Charge

Denying allegations of torture, Israeli officials on Friday defended the use of "moderate physical pressure" on suspects in exceptional circumstances to



Women running for cover Friday at the Western Wall in Jerusalem's Old City after Muslims started throwing stones from Al Aqsa mosque.

prevent terrorist attacks, Agence France-Presse reported from Geneva.

Defending Israel's interrogation policy before the United Nations Committee Against Torture, the Israeli team denied that their methods contravened international conventions.

The team said that sleep deprivation, deafening music, violent shaking, threats and putting hoodies on prisoners' heads did not constitute torture or inhuman or degrading treatment in contravention of the 1987 UN international convention against the use of torture.

The Israelis, headed by Alan Baker, a Foreign Ministry legal counselor, and Deputy Justice Minister Yehuda Shafir, confirmed that "moderate physical pressure" on detainees had been authorized by the Israeli Supreme Court and was used only in exceptional circumstances to obtain vital information to thwart terrorist attacks.

Last May, the UN anti-torture committee of 10 independent experts condemned the behavior of the Israeli security services as acts amounting to torture.

bright was not yet ready to report to President Bill Clinton on whether the Israelis could soon agree to a deal that would allow them to start final peace talks with the Palestinians in a Washington ceremony.

After Thursday's meeting, senior Israeli officials said that progress was being made, "but this is a slow-motion thing, slow but steady."

Mrs. Albright will travel to London on Saturday to join Mr. Clinton for meetings with European leaders that start on Monday. Mr. Ross is expected to meet again with Israeli officials here on Sunday, and with Mr. Netanyahu when he returns to Washington that day.

The United States has been pressing Mr. Netanyahu to accept an American proposal that would require a withdrawal from 13 percent of the West Bank. The withdrawal has to be phased in over 12 weeks in parallel with specific Palestinian steps to fulfill their obligations to fight terrorism.

Officials said the main problems remained the size of the withdrawal, with Mr. Netanyahu still resisting different formulas to get to 13 percent, and how to agree on the size and manner of a last interim withdrawal, due by Sept. 1 under the Oslo accords.

Mr. Netanyahu, who spent the bulk of the day making speeches to Jewish groups and talking to supportive legislators on Capitol Hill, met for 90 minutes with Mrs. Albright at his hotel.

Senior Israeli officials said that Mr. Netanyahu would follow Mrs. Albright's tone in her Tuesday speech and seek to calm relations with Washington while he is here, not exacerbate them.

"He's sensed a boiling environment, and a lot of people wouldn't mind if he didn't have a more challenging relationship with Washington, but he's decided not to do that," one official said.

In a nonetheless rousing breakfast speech to the Washington Institute for Near East Policy, Mr. Netanyahu repeated his mantra that peace emerges from security, not the reverse.

"The only peace that can endure is a peace that can be defended," he said.

The normalization that peace brings may be reversed by any change of government or by the whim of undemocratic Arab leaders, he said, arguing that Israel's only security came from its military strength. He said that Egypt and Jordan made peace with Israel only when they realized they could not defeat it.

Milosevic Upbeat at End Of First Talks on Kosovo

BELGRADE, Yugoslavia — Calling it an initial step toward peace, President Slobodan Milosevic met for the first time on Friday with the independence-seeking leader of Kosovo's ethnic Albanians.

The fact that Mr. Milosevic had agreed to talk with the ethnic Albanian leader, Ibrahim Rugova, was by itself considered a breakthrough.

But with the majority Albanians in Kosovo Province continuing to press for independence — something Mr. Milosevic has ruled out — little was expected from the talks immediately.

It appeared that the meeting had ended with no concrete result. Mr. Milosevic said in a statement issued after the 90-minute session that "this meeting could be considered as the start toward a peaceful solution of the Kosovo crisis."

Mr. Rugova said later that they had tackled and discussed many different issues. "It seems there is readiness to move ahead toward a peaceful political solution to the Kosovo issue," he said.

Pressure by Richard Holbrooke, the U.S. envoy who brokered the 1995 Dayton accords that ended the war in Bosnia-Herzegovina, helped to bring about the meeting at the presidential palace in Belgrade.

The statement issued by Mr. Milosevic said that he had agreed with Mr. Rugova that there would be weekly meetings between the two delegations, and that the next meeting would be held by the end of next week.

Mr. Milosevic said the solution for Kosovo should be based on "equality of all citizens" of the province, where ethnic Albanians outnumber Serbs by 9 to 1.

Mr. Holbrooke had stressed there was no hint of a pending compromise to end the violence in Kosovo, but he called the meeting an "important procedural breakthrough."

Violence in Kosovo has threatened to turn into full-scale war since Serbian police forces and the Serb-dominated Yugoslav Army began a crackdown on ethnic Albanian militants in February. More than 150 people have been killed.

Before the talks between the two sides Friday at the White Palace, Mr. Rugova met with the U.S. chargé d'affaires in the Yugoslav capital, Richard Miles.

On the eve of the talks, heavy fighting was reported southwest of Pristina in Kosovo. The Serbian police said that ethnic Albanian forces had attacked a police station, wounding three police officers.

Mr. Rugova's information center said that heavy fighting and explosions had been reported in the area Friday. There were no immediate reports on casualties.

Militants in the ethnic Albanian Kosovo Liberation Army appear to be gaining ground in the rugged countryside, controlling as much as 40 percent of the province.

Kosovo Albanians had refused to meet with Mr. Milosevic unless a foreign mediator was present. But under pressure from Mr. Holbrooke, Mr. Rugova and his negotiating team agreed to meet on their own with the Yugoslav president.

Some ethnic Albanians protested the talks. A rival of Mr. Rugova's, Adem Demaci, issued a fiercely critical statement, and two of the 15-member negotiating team resigned Thursday, as-

serting that Mr. Rugova had made concessions.

Senior ethnic Albanian politicians said that their presence was only a "sign of goodwill" and a first step toward negotiations with foreign mediation.

Serbs, who consider Kosovo the cradle of their Orthodox Church and culture, have ruled out independence for the province.

Foreign powers are also opposed, because border changes traditionally have sparked wider wars in the Balkans.

BRIEFLY

Lebed Vows to Focus On Siberia for Now

KRASNOYARSK, Russia — Alexander Lebed, who running for governor of Krasnoyarsk, said Friday that he would not consider seeking the Russian presidency until he had ensured the vast Siberian region's prosperity.

Asked about his presidential plans ahead of Sunday's regional vote, he replied: "I will work on the region just as long as it takes for it to be prosperous. I will get into the presidential election only when I am sure I will come first."

Mr. Lebed won the first round of the election in Krasnoyarsk on April 26. He is the favorite to win the runoff Sunday against the incumbent governor. (Reuters)

Leaders Denounce Synagogue Bomb

MOSCOW — The leaders of Russia's two biggest religions — Orthodox Christianity and Islam — on Friday denounced the bombing of a Moscow synagogue, saying nothing could justify attacks on places of worship.

"People who commit such acts should know that they are involved in a sinful and criminal affair," the Russian Orthodox patriarch, Alexei II, said. "They may claim any kind of excuse, but there is none." The leader of the Muslim community in Russia, Sheikh ul Islam Taghat Tadzhdin, called the bombing of the synagogue a "terrorist act."

The Lavutskaya Marina Roschka synagogue was damaged by a bomb on Wednesday. (Reuters)

For the Record

Prime Minister Tony Blair is planning another trip to Northern Ireland this coming week amid signs that support for the peace deal he negotiated is waning ahead of a May 22 referendum. (Reuters)

The far-right German People's Union said Friday that it would put up candidates in legislative elections in September, when it expects to get 9 percent of the vote and win seats in Parliament. It scored 12.9 percent in regional elections last month in Saxony-Anhalt. (AP)

Netanyahu Holds More Talks in U.S.

By Steven Erlanger
New York Times Service

WASHINGTON — In a deliberate effort by both the Israeli and American governments to tone down the rhetoric and pursue a solution to their current impasse over a West Bank withdrawal, Prime Minister Benjamin Netanyahu met a senior American official for more discussions Friday before flying to New York for the weekend.

Mr. Netanyahu's meeting with the U.S. Middle East negotiator, Dennis Ross, attempted to build on incremental progress made in two days of talks, Wednesday and Thursday, with Secretary of State Madeleine Albright.

But there was no indication of a breakthrough. David Bar-Ilan, the Israeli spokesman, said: "It's all open. We're trying to find the kind of solution that is suitable for everyone."

While "we do have sufficient reason to continue serious work," the State Department spokesman, James Rubin, said Thursday night, "it's hard to be optimistic, given the history of this process and our concern over growing violence among the Palestinians."

A senior U.S. official said Mrs. Al-

TRAVEL UPDATE

Southeast France Trains Still Scarce

MARSEILLE (AP) — Train traffic remained snarled in southeastern France on Friday after rail workers decided to continue a strike for more pay that began Tuesday.

One out of three trains ran on major rail lines in the Marseille region. One out of five suburban trains was running.

Rail workers paralyzed traffic across France from Tuesday night until Thursday morning, when the nationwide strike ended.

Rolling Bank Strikes Start in Greece

ATHENS (Reuters) — Greek banking unions started a series of rolling strikes Friday against government plans to privatize much of the banking sector.

Workers went on strike for 24 hours Friday at the National Bank of Greece. One-day strikes were called at the Agricultural Bank on Monday and at the Commercial Bank on Tuesday. A four-hour nationwide bank strike has been set for Wednesday.

Wiring Checks Stepped Up on 737s

WASHINGTON (WP) — The Federal Aviation Administration has expanded its order to inspect fuel-tank wiring on Boeing 737s, including somewhat younger planes and adding a set of wires that was exempted from the original inspection.

An agency spokesman said that no serious disruptions in airline flights were expected and that the expanded inspections were more of a precaution than an emergency.

Chaffed high-voltage wires were found by mechanics during inspections of some younger planes, the spokesman said. The findings were made when airlines went beyond the previously required inspection, which was to look for bare electric wires and frayed insulation on wiring in wing fuel tanks.

Americans are expected to make a record 251 million summer trips, up from 244 million in 1997, but the growth, 3 percent, will be less robust than the 9 percent recorded last year, the Travel Industry Association said. (AP)

JFK Airport Reopens Terminal

The Associated Press

NEW YORK — A renovated Terminal One, gateway to New York for thousands of travelers, is the cornerstone of a multimillion-dollar John F. Kennedy International Airport redevelopment.

"Terminal One stands at the front door to JFK, just as JFK stands at the front door to America," Governor George Pataki said at a dedication ceremony. "The completion of this dazzling new terminal strengthens New York's economy by bringing the world closer to all that New York has to offer."

Mr. Pataki was joined by executives from Lufthansa German Airlines, Air France, Japan Air Lines and Korean Air, which will be situated in the \$435 million building. Although officially opened on Thursday, flights will not operate through the terminal until early June.

The new glass and steel structure with high vaulted ceilings houses new restaurants, retail shops, designer boutiques, as well as red-jacketed customer service representatives.

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.



North America Warm in the Northeast Saturday to Monday with some sunshine, but a may day through Monday, but from Tuesday to the tip of the Midwest and the Ohio Valley with some sun, but steady with thunderstorms from the Tennessee Valley to the Gulf Coast. Unsettled and cool in the West.

Europe Warm with some sunshine in London and Paris Saturday through Monday, but from Tuesday to the tip of the Midwest and the Ohio Valley with some sun, but steady with thunderstorms from the Tennessee Valley to the Gulf Coast. Unsettled and cool in the West.

Asia A series of weak storms will cause soaking rain from Taiwan to southeast Japan and the tip of South Korea, but Seoul and Tokyo will remain dry and sunny with some sun, but steady with thunderstorms from the Tennessee Valley to the Gulf Coast. Unsettled and cool in the West.

Legend: s=sunny, p=partly cloudy, c=cloudy, sh=snow, th=thunderstorms, r=rain, dr=dry, w=wind, h=high, l=low, W=weather.

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JAPAN	JPY	182	60%
MALAYSIA	MYR	195	60%
NETHERLANDS	NGD	022	60%
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SINGAPORE	S\$	182	60%
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The Clash Over the Secret Service

Proximity to the President Is Focus of Battle With Starr

By Peter Baker
Washington Post Service

WASHINGTON — By the time the shots rang out, there was nothing Timothy McCarthy could do but get in the way. Which he did. With his arms and legs extended, the Secret Service agent made himself a target, and a bullet intended for President Ronald Reagan struck him instead.

That was March 1981. At the moment John Hinckley Jr. opened fire, Mr. McCarthy was standing next to Mr. Reagan.

"If the president had said to me, 'Tim, I have to have a private conversation with Mike Deaver, would you just step forward a little so you won't hear?'" Mr. McCarthy said, "the round that hit me would have hit the president."

The lessons the Secret Service has drawn from those few seconds of pandemonium are at the heart of an unprecedented legal battle that was in the spotlight publicly for the first time Thursday in a federal courtroom.

Should agents who guard President Bill Clinton be forced to testify in the Monica Lewinsky investigation? If they are, will future presidents fear being overheard so much that they push their guards away? Could this give an assassin an opportunity to kill the nation's leader?

It is an argument of emotion versus law.

Neither statute nor precedent exists to block law enforcement officers from providing evidence in a criminal investigation. During the court hearing on his bid to compel agents to testify, the independent counsel Kenneth Starr said they "cannot blind themselves to ev-

idence of possible violations of law."

But, citing experiences like Mr. McCarthy's outside the Washington Hilton Hotel 17 years ago, the Secret Service director, Lewis Merletti, has privately predicted that cracking the agency's longstanding tradition of secrecy will result in the death of a president.

A Justice Department lawyer echoed that view in open court, warning darkly, "It doesn't take much before you run the risk of assassination."

In the next few weeks, Judge Norma Holloway Johnson — and possibly jurists up to the Supreme Court — will have to decide whether that assessment is alarming or alarmist.

While the Secret Service has never before claimed a "protective privilege" to shield its agents from testifying, the fight with Mr. Starr is the latest skirmish in a perennial battle for the agency.

Throughout its 97-year history of protecting presidents, the service has struggled to get close enough to stand in harm's way, often against the wishes of the people it was guarding.

Eleanor Roosevelt refused to accept protection, prompting agents to tail her undercover. Lyndon Johnson used to order his driver to speed up while tooling around his Texas ranch in order to lose his security detail. Mr. Reagan once insisted on walking across Lafayette Square to church with agents at a distance, though the winter cold changed his plans.

"If you don't have trust and confidence, you don't have proximity," said Edward Walsh, a retired agent who protected Mr. Johnson and Richard Nixon.

"If you don't have proximity, you have an open door. Some bad guy is going to walk through that open door."

To stay close in those they are guarding, Secret Service agents say they will go to unusual lengths, even disguising themselves to blend into events around them.

They have dressed as soldiers, doctors, college professors and construction workers.

When a president throws out the first baseball of the season, one of the umpires sometimes is an agent. During a U.S. tour by Pope John Paul II, an agent even posed as a priest, complete with collar — and the telltale radio plug in his ear.

While Mr. Clinton shakes hands along a rope line, an agent typically stands just behind him with hands on the president's hips, ready to pick him up, pull him away or push him down at a moment's notice.

Another agent may be holding near the president what appears to be a briefcase but is actually a bulletproof shield.

Yet this blunt talk of assassination when the issue at hand is a dispute over legal procedure has some critics, suggesting that the Secret Service is engaging in scare tactics.

These critics say they doubt that the Lewinsky case will change the culture at the White House.

"There's a question of good manners," said Governor Frank Keating of Oklahoma, a Republican who oversaw the Secret Service as assistant Treasury secretary during the Reagan administration.

"The agents should not be talking about purely private matters in purely private situations. But absent that, they are sworn law enforcement officers, and the president is not above the law and they are not above the law."

Showdown Time in Sanctions Feud

U.S. 'Waiver' Could Get Foreign Energy Concerns Off Hook for Iran Deal

By Thomas W. Lippman
Washington Post Service

WASHINGTON — The Clinton administration is preparing to announce within days a decision out to impose sanctions on three major foreign energy companies that have agreed to develop a natural gas field in Iran, according to administration officials and European diplomats.

They said the almost certain outcome of months of intense debate within the

administration would be a narrowly focused decision that it is in the U.S. "national interest" to waive sanctions against Total of France, Petronas of Malaysia and Gazprom of Russia.

Secretary of State Madeleine Albright has "not actually checked the box," an official said. But administration officials said they were preparing to brief Congress in the next few days and confirmed that the most likely outcome was a national interest waiver.

(European Union officials, however,

said Friday they expected heated negotiations this weekend with the United States over American laws that restrict investments in Iran, as well as Libya and Cuba. The Associated Press reported.

"We still don't have a deal," said Nigel Gardner, spokesman for the EU trade commissioner, Leon Brittan. "This weekend there will be a lot of hard work on both sides."

At a hearing Thursday on the Iran matter, Senator Sam Brownback, Republican of Kansas, the chairman of the Senate Foreign Relations subcommittee on the Middle East, said he had heard "pretty reliable rumors" that the administration was "looking at a national interest waiver."

He said such a move would be unjustified, however, because of Iran's support for international terrorism and its efforts to acquire long-range missiles and nuclear weapons.

Mr. Brownback's comment put Martin Indyk, assistant secretary of state for Near Eastern affairs, in an uncomfortable spot, unable to deny the "reliable rumors" but unwilling to confirm them in a public meeting. He settled for confirming them indirectly by explaining why they would be justified.

He said that one of the purposes of the Iran-Libya Sanctions Act was "to try to encourage cooperation" from other countries in confronting Iran. "In order to be effective against the threat that we see here, we need international cooperation," he said.

Under the Iran-Libya Sanctions Act, the president is required to impose multiple sanctions on any foreign company that invests \$20 million or more a year in developing the energy industries of Iran or Libya. The European Union has adamantly opposed the law and a similar one dealing with investment in Cuba as unwarranted and unjustified.

Hard-Liners Block Protest Favoring Iranian Moderate

The Associated Press

ISFAHAN, Iran — Responding to a call by Iran's spiritual leader, tens of thousands of people turned out at prayer services Friday where backers of a moderate cleric were to have protested his house arrest.

Supporters of Ayatollah Hossein Ali Montazeri called off their rally at Isfahan's main Imam Square apparently after about 50,000 people — intending to thwart the gathering — showed up. "We knew that if we showed up and chanted slogans in favor of Montazeri, there would have been clashes and tension," said Ali Akbar, one of Ayatollah Montazeri's supporters. He refused to give his full name.

Setting the stage for a potential confrontation, the country's supreme leader, Ayatollah Ali Khamenei, called on his supporters Thursday to gather at the Friday prayer services to thwart the "seditious" rally by Ayatollah Montazeri's backers.

The crowds carried portraits of Ayatollah Khamenei and chanted slogans against Ayatollah Montazeri. A middle-aged man was beaten by a mob of hard-liners when he shouted: "Long live Montazeri." The police took him to safety.

Graffiti on walls surrounding the huge square read: "Death to Montazeri, the American agent."

The calling off of the protest was seen as a victory for hard-liners, who are strong in Isfahan.

All Qazi Asgari, who led Friday's prayers, praised the crowd for showing up in such force. "The leader's aim was to show the power of the heroic people of Isfahan," Mr. Qazi Asgari said. "And Thank God, the people proved it with their presence."

Ayatollah Khamenei had urged his supporters "to denounce those who want to disturb our national security and goals of the Iranian nation."

House Votes Persecution Bill

WASHINGTON — The House has overwhelmingly approved a bill to punish foreign countries that persecute people for their religious beliefs.

The lopsided vote, 375 to 41, masked many lawmakers' ambivalence toward a popular bill that aims to champion religious liberties worldwide but which critics say will imperil religious minorities, create a hierarchy of human rights violations and hurt U.S. foreign policy.

"This was an awfully awkward vote, and I know I'll hear from the folks back home," said Representative Mark Sanford of South Carolina, one of 14 Republicans who opposed the bill. "But the devil was in the details."

Under the bill approved Thursday, countries that permit or endorse a pattern of violent attacks or other persecution against religious believers would automatically face a halt in U.S. aid, other than food and medical supplies, restrictions on exports and American opposition to loans by international financial institutions, including the International Monetary Fund. Among the countries criticized Thursday in the debate were China, Pakistan, Indonesia and Sudan.

This bill is unlikely to be adopted by the Senate, which is expected to pass a measure giving the president more flexibility in dealing with countries accused of religious persecution. (AP)

Helms Wants Aid for Cubans

WASHINGTON — The Senate Foreign Relations Committee chairman, Jesse Helms, Republican of North Car-



Senators Helms of North Carolina, right, and Graham of Florida proposing U.S. assistance for Cubans.

olina, and 21 colleagues, mostly conservatives, have introduced legislation to provide \$25 million a year in U.S. government humanitarian assistance to the people of Cuba.

The aid, which could be in the form of food, medical equipment or cash grants, would be channeled to non-governmental organizations in Cuba, and especially to the Roman Catholic church, in an effort to help the island's poorest residents while driving a political wedge between them and President Fidel Castro. At a Capitol news conference, Mr. Helms — a longtime anti-Castro hard-liner — said he believed that the visit to Cuba earlier this year by Pope John Paul II "has sown the seeds of spiritual and political liberation in the Cuban mind."

"The United States must now help the Cuban people cultivate those seeds of liberation," he said, "just as the United States worked with the Pope in helping the Polish people in their struggle against Communist oppression nearly two decades ago."

The Pope, born in Poland, returned to his native land in 1979, an event widely viewed as having laid the groundwork for the change that swept the country. Mr. Helms and his colleagues sported lapel buttons that resembled the Solidarity logo, but with the Cuban flag and the word in Spanish: Solidaridad. (WP)

Quote/Unquote

State Senator Jim Cost of California after a favorable vote to move California's presidential primary from June to the first Tuesday in March in 2000 to give the state greater clout in choosing a president: "This guarantees that California will be at the front of the train." (AP)

Wisconsin Abortion Clinics Shut Down

By Barbara Vobejda
Washington Post Service

WASHINGTON — Abortion clinics across Wisconsin have shut down after one of the nation's most sweeping "partial birth" abortion bans went into effect.

Wisconsin doctors and virtually every clinic in the state have stopped performing abortions, citing fear that because of vague language in the state law, they could be prosecuted and imprisoned even for providing other types of abortions.

So-called partial-birth abortion, a late-term procedure in which the fetus is partially delivered into the vagina before it is aborted, has become the new battleground in the abortion rights debate, with two dozen states across the country passing laws banning the procedure.

A similar law has been approved twice by Congress and vetoed both times by President Bill Clinton.

The Wisconsin law went into effect on Thursday after a federal judge refused to delay it, making Wisconsin the

first state in which abortion rights groups challenging partial-birth abortion laws have not succeeded in having the statutes blocked.

Experts on both sides said Wisconsin's penalty for doctors who disobey the ban — life imprisonment — was the strongest sanction on the books in the United States.

Signed by the state's Republican governor, Tommy Thompson, two weeks ago, the law bans abortions in which a doctor "partially vaginally delivers a living child, causes the death of the partially delivered child with the intent to kill the child and then completes the delivery of the child."

The law defines "child" as "a human being from the time of fertilization until it is completely delivered from a pregnant woman."

Opponents of the law said that language could apply to a broad range of abortions, even those performed early in a pregnancy. But supporters of the measure disagreed, calling the decision by doctors not to perform abortions a political tactic meant to distort the intent of the law.

The issue of partial-birth abortions

has been bitterly contested in Congress and across the country for several years. Abortion rights groups have contended that the procedure is relatively rare, but opponents say they believe it is particularly brutal and have fought to have it outlawed.

Although 24 states have adopted laws banning the procedure, most have faced constitutional challenges.

In six states other than Wisconsin, the laws have not been challenged and have gone into effect, usually because only a handful of doctors were providing first trimester abortions and had determined that they were unlikely to be prosecuted.

In Wisconsin, Planned Parenthood of America and the Center for Reproductive Law and Policy challenged the law on behalf of six doctors and several abortion clinics, asking a federal judge to temporarily block it on grounds that it violated the Constitution.

But a U.S. District Court judge, John Shabaz, ruled Tuesday that the state law could go into effect while he heard arguments on its constitutionality.

Breast Cancer Drug Said to Benefit All Ages

New York Times Service

WASHINGTON — A drug for breast cancer, tamoxifen, significantly reduces the rates of recurrence and death from the disease among a surprisingly wide range of women but is being prescribed to far too few patients, researchers have reported in the world's largest analysis of any cancer treatment.

The statistical analysis shows that for women with the most common, hor-

mon-sensitive type of breast cancer, a five-year course of tamoxifen prevents 1 in 6 from developing a recurrence and 1 in 12 from dying over the next decade.

The analysis adds to increasingly positive news about tamoxifen, which last month was shown to prevent breast cancer in women at high risk for the disease. The study reported Thursday focuses on treatment of women who already have had breast cancer.

Contrary to what many doctors had thought, tamoxifen benefits breast cancer patients of all ages, not just those who have gone through menopause, and is effective whether the cancer was confined to the breast or had spread to lymph nodes in the armpits.

Tamoxifen also is effective whether the cancer was removed surgically in a lumpectomy or mastectomy, treated with radiation or chemotherapy drugs.

Away From Politics

• The Food and Drug Administration has approved a "super aspirin" to prevent blood clots. The new medicine, produced by Merck & Co. and called Aggrastat, could help prevent people hospitalized with unstable angina, a severe chest pain, from going on to suffer heart attacks. (AP)

• Texans suffering from watery eyes and scratchy throats will not get immediate relief from the foul air caused by Latin American wildfires that remain out of control. Forecasters predict that most of Texas and other states to the north and east will spend much of the weekend shaded under a smoky canopy. (NYT)

prompting Texas officials to extend the deadline of a statewide health alert. (AP)

• A federal judge dismissed a state manslaughter charge against the FBI sniper who shot and killed the wife of Randy Weaver, a white separatist, during the 1992 siege at northern Idaho's Ruby Ridge. (WP)

• Another item has been added to the list of "don'ts" for New Yorkers: Thou shalt not prevent subway doors from closing. The offense, a violation that is treated with a civil summons just like urinating in the subways, carries a fine of up to \$100, and the Police Department has actually begun handing out summonses, said Chief Patrick Harpnet of the department's transportation bureau. (NYT)

Execution Is Upheld for Convict With IQ of 60

New York Times Service

SAN RAFAEL, California — A competency hearing that was supposed to have lasted a week has ended after more than a month when a divided Marin County jury found a deeply disturbed death-row inmate with an IQ in the 60s mentally fit enough to be executed.

The inmate, Horace Kelly, 38, is scheduled to be put to death this summer for the murder of three people in Southern California in 1984. It is unconstitutional to execute the insane,

and mental competency hearings are often convened before someone who is accused of murder is tried or before someone who is convicted of murder is sentenced.

The Kelly hearing was called just days before his scheduled execution last month, when prison officials and state psychiatrists expressed doubts that he was able to meet the minimum mental competency standard. Mr. Kelly's lawyers argue that his insanity developed after he was sent to death row.

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Foreigners Rushing to Get Away

Evacuation Plans Are Made by Japan, Malaysia and U.S.

Compiled by Our Staff From Dispatches

JAKARTA — Panicked Americans and other foreigners flocked to airports Thursday, and the U.S. Embassy said it would charter planes to take U.S. citizens and their families out of Jakarta.

Although no foreigners have been reported hurt in the violence, the State Department advised American citizens to leave Jakarta and Indonesia's second-largest city, Surabaya.

Other countries were also urging their nationals to leave. Japan said it was drawing up contingency plans to send military aircraft to Jakarta to evacuate its citizens. Malaysia said two of its air force transport planes would fly into the city on Saturday to pick up stranded nationals.

The Australian, Canadian, German and French embassies urged their citizens to defer nonessential travel to Indonesia.

The warnings sent waves of people to airports with hastily packed suitcases hoping for any flight they could get.

Some 15,000 U.S. citizens live in Indonesia, mostly in Jakarta.

"We're just looking to get to a safer spot," said Nancy Carmack, of Grand Junction, Colorado, whose husband works for an oil tools company. She gave her age as "42, but 82 today."

Many evacuees left from Halim airport, the city's secondary airport, used mainly by the military. Jakarta's International Airport has been overrun since Thursday by throngs of ethnic Chinese, frequently the targets of rioters who have burned and looted homes and businesses around the city.

In Washington, an official said the evacuation would get under way in the early hours Saturday and was expected to be one of the largest ever carried out by the U.S. government in a foreign country.

Two charter planes carrying a total of 800 passengers were to begin flights to Bangkok and Singapore, although U.S. citizens were also urged to use commercial flights to leave the country.

A U.S. official, who asked not to be named, said the airlift, that would take Canadians, was to be carried out at night as the rioting dies off then.

The evacuees were instructed to bring only one bag for each passenger and to leave their pets behind.

In Bonn, the German Foreign Ministry advised German nationals to leave the country.

Around 3,500 Germans live in Indonesia, with 2,200 of them in Jakarta.

The Russian Foreign Ministry said it had no plans to evacuate its embassy staff, but advised Russians against visiting the country. (AP, Reuters, AFP)

■ U.S. Force Nearby

Alan Friedman of the International Herald Tribune reported from London: A U.S. official said Friday that while Washington was not planning any military force movements related to the evacuation, it will have an amphibious transport unit "in the area if needed."

The official said the unit, which includes helicopters and a Marine force including the amphibious assault ship Belleau Wood, would be taking part in a log planned U.S.-Thai military exercise, codenamed Cobra Gold, off the Thai coast.



A tearful unidentified woman hugging her sons in Taiwan after they arrived there safely on a flight out of Jakarta on Friday. Not everybody trying to flee the rioting, looting and arson was lucky enough to get on a plane quickly. Still waiting at the airport in the Indonesian capital were members of the Carmack family of Grand Junction, Colorado — Clayton, left, his sister Kelsey and their mother, Nancy — as well as Chris French, a Scotsman, sitting on the bench behind Mrs. Carmack.

At Jakarta's Airport, Planes Arrive Empty and Leave Packed

By Thomas Fuller
International Herald Tribune

JAKARTA — When her sister called and said that looters had broken down the door, ransacked the house and taken everything — television set, stereo, clothing and shoes — Elizabeth S. knew it was time to leave Indonesia.

Outside her own home, rioters set a brand-new Mercedes-Benz alight. A neighbor's house was gutted by fire, and there was no sign of the police. "We turned off the lights and stayed inside," said Elizabeth, a member of Indonesia's ethnic Chinese minority.

A few hours later, at 2 o'clock in the morning Friday, Elizabeth and her family stuffed their underwear with jewelry and money and beaded for the airport with a few small bags and the hope that they would not be stopped by rioters along the way.

They were joined by thousands of ethnic Chinese families who sought tickets to Singapore, Australia, Bali or Malaysia — anywhere, family members

said, where they will be safe. After Indonesia's most serious rioting in decades, waiting lists for flights out of the country have swelled. Regional airlines have not been able to keep up. Airlines are flying to Jakarta with their biggest planes empty these days, but invariably leaving at full capacity.

And the ethnic Chinese are not the only ones on the planes. Foreign companies are evacuating expatriate workers and governments are chartering jumbo jets to get their citizens out.

On Friday, thousands of people slept on the marble and brick floor of the departure terminal here, waiting for the next flight out. Children romped around the terminal, ignoring the worried faces and glassy eyes of their parents sitting nearby.

The accommodations were far from luxurious, but the men and women waiting to leave Indonesia were no "boat people." The refugees at the Jakarta airport carried cellular phones and wore designer clothing.

A German couple, Petra and Michael Durakow, sat on the floor with a matching set of Louis Vuitton luggage piled high and a sleepy boxer named India curled up next to Mr. Durakow's khaki pants and black loafers.

"We closed the office down here and we sent the local staff home," said Mr. Durakow, whose company is building a gas pipeline in Sumatra. He and his wife

"I don't think this country is mine any more," an ethnic Chinese says.

had been waiting 10 hours in the terminal.

Nearby, an elderly ethnic Chinese woman sat motionless in her wheelchair parked next to a stack of bulky luggage. Children darted in and out of the crowds.

Among the Chinese Indonesians, there is anger that the police did not intervene soon enough in the violence that has claimed at least 200 lives and

left houses and shopping malls around the city looted and burned.

"I was watching TV last night, and the police were shaking the looters' hands," said Irwanto, 31, as he waited in line for a ticket to Batam, an Indonesian island near Singapore. "The army isn't doing anything to help. They just say: 'Go ahead, roh the Chinese.'"

Mr. Irwanto closed his clothing shop earlier in the week and said he did not know when he would be back.

"I don't think this country is mine any more," he said.

"And I don't think a change in government will make a difference. If this continues I'll move to the United States."

Traveling as far as the United States would be impossible for many of the ethnic Chinese in the departure lounge. Melyana, a woman bound for Bali, said she chose to stay in Indonesia because she could not pay for her entire family to travel abroad.

"We can't afford to go to Singapore,"

she said. "Just for the visa fee, it's one million rupiah." That's about \$100 at today's exchange rate, but \$400 before the economic crisis began last year.

Yet others said proximity was the biggest factor in choosing where to go.

Singapore is the nearest place to run to," said a young woman rushing to board a flight with her family. "We are leaving in a hurry. We still have a lot of unfinished business."

Chinese Indonesians said they would return when the situation appeared stable. Few said they thought they would be away for more than two weeks.

Elizabeth, however, who is traveling to Perth with her family, said it could be months before her return.

For her son, that may mean missed opportunities. Recently, Kevin, who looked no older than 6, released an album named Susu Lagi, a collection of pop music sung in Indonesian, the language that he speaks with his parents.

"We had a lot of appearances scheduled for June and July, but now we don't know what we'll do," Elizabeth said.

INDONESIA: Counting the Victims as Suharto Remains Silent

Continued from Page 1

streets Thursday. On Friday, large sections of the city showed scars of the burning and looting. Charred vehicles littered the streets; buildings smoldered, and schools and businesses remained closed.

Banks were looted and automatic teller machines destroyed. Car dealerships, and the cars inside, were burned. In South Jakarta, a warehouse-sized Toys "R Us store had all of its windows smashed and was looted bare. High-rise office buildings had their windows smashed. Gasoline stations were destroyed.

Many stores and businesses went to great lengths to avoid ransacking, usually advertising themselves on makeshift placards as Muslim-owned, or "Pribumi," meaning native Indonesian-owned.

A McDonald's outlet on M. H. Thamrin Street used large sheets of cloth to cover its golden arches, apparently to avoid damage in case the riots took on an anti-Western tone. Nearby, the upscale Plaza Indonesia shopping center, home to fashionable boutiques and designer clothes shops, was ringed with barbed

wire and protected by army tanks.

The Mangga Dua section of the capital, a lower-middle-class market area of North Jakarta near Chinatown, showed some of the worst damage, and several buildings were still burning Friday afternoon.

Some store owners had spraypainted messages across their shattered storefronts like, "Please don't burn this house or destroy this property — we are Muslim-owned."

Soldiers and marines kept up a highly visible presence Friday, blocking off key streets leading to some of the hardest-hit areas and parking tanks and armored vehicles at major intersections. Four armored vehicles were also stationed outside the Defense Ministry in the city center.

Aside from sporadic incidents, the streets were eerily calm Friday, mostly devoid of traffic, with public transportation all but stopped. Many people, fearing another spasm of violence, stayed indoors.

Meanwhile, the city began the grim task of counting the dead. It appeared that the toll would be far worse than previously thought, as bodies were discovered in the burned-out shells of stores

and shopping malls set ablaze during the rampage.

At least 200 people are believed to have been killed, most of whom were trapped inside burning buildings.

The most ghastly scene was at the five-story Yogya Plaza shopping center in East Jakarta, where 175 badly burned bodies were discovered Friday. The victims are believed to have been looters who had entered the mall before it was set on fire and who died as the flames raged through the structure, trapping them on the upper floors.

The destruction across the city and the huge death toll make this by far the worst riots to hit the capital in decades and further add to the pressure on Mr. Suharto, who so far has remained aloof amid the growing calls for his resignation.

Earlier this week in Cairo, where he had been attending a meeting of developing countries before rushing back to deal with this crisis, Mr. Suharto was quoted saying that if the people no longer wanted him, he would not use force to stay in power.

But on Friday his information minister, Alwi Dahlan, tried to clarify the statement, saying Mr. Suharto only offered to step aside, not actually resign — and he left vague the distinction between the two.

But the pressure appeared to be mounting on the president, with a faction of his ruling political machine, Golkar, joining the chorus of voices demanding that he quit. The Kosgoro faction of Golkar announced that it was withdrawing support for Mr. Suharto and asking him to step down, marking the first break in the history of the ruling party.

"It's a sign that people are deserting," a Western diplomat said.

The key player in any resignation scenario remained the country's powerful armed forces, or Abri, and on Friday night there were no clear signs whether Abri's top commanders were remaining loyal to Mr. Suharto or were ready to ask him to step down.

Diplomats and military analysts said they believed Thursday's riots posed a dilemma for Abri. The military is faced with a division in its ranks over how to deal with the protesters, with marines showing public sympathy for the young people in the streets.

The sight of marines in their scarlet berets glad-handing and exchanging high-fives with young demonstrators was repeatedly broadcast on Indonesia's state-controlled television news.

Also, the English-language Jakarta Post ran a front-page photograph of marines marching down riot-torn Salemba Raya Street alongside the protesters. Several marines had clenched fists raised defiantly in the air.

Given those extraordinary scenes, any military-ordered attempt to crack down on the protests now runs the risk of splintering the armed forces.

While military commanders meet behind closed doors, Mr. Suharto's civilian critics have tried to keep up the pressure.

One group has formed its own council, a kind of cabinet-in-waiting, that it hopes can pre-empt any attempt by the armed forces to set up its own ruling council.

The key figure behind the new civilian group is Amien Rais, a Muslim leader and academic who has emerged as Mr. Suharto's most vocal public critic. Speaking at a mosque Friday, he told worshippers: "This regime is facing its end, its death. There's no way to postpone it."



JAKARTA: Sympathy for Dead Looters

Continued from Page 1

said that of the 175 bodies his hospital had received, almost all of them burned to death, three had been stabbed to death and three, including Mr. Effendi's son, had been shot and killed.

"He went out yesterday at 2 o'clock to join the demonstrations," said Mr. Effendi of his son, who recently graduated from high school and was now, like millions of other Indonesians, without a job. "I said to him, 'Hati-hati' — be careful. Late last night I got a call saying he had been killed by the police."

Mr. Effendi was angry. "I want justice," he said. But like many poor Indonesians, Mr. Effendi, who parks cars for a living, was focused more on his daily needs than on broader political issues.

Asked what he wanted now for his country, he said, "I want prices to go down."

The anger that has boiled up into student demonstrations and citywide rioting is a dangerous mix of economic concerns, caused by spreading inflation, joblessness and bankruptcies, and of political outrage against President Suharto and his three decades of strongman rule.

The doctors here at Cipto Mangunkusum Hospital, at the University of Indonesia, were angry, too.

"It's horrible," said Dr. Levina, 27, an intern. It is time for the president to step down, she said. "Everybody here has the same statement. There is no doubt. You ask the doctors, the professors, anybody."

Outside the hospital, students with black armbands handed out small packets of food and water to the relatives who continued to arrive Friday afternoon, even as small vans delivered more bodies.

"We want reforms," said a 20-year-old law student who gave his name as Lucky. "First, political succession. Second, improvement of people's welfare."

He said the students who have held campus demonstrations for three months had hoped to avoid bloodshed and had not instigated the riots. But he said they shared common cause with the poor people who had died trying to loot the city's shops.

"We must step back and see why these people came to rob these malls and markets," he said. "Because they are poor, because they are hungry."

The black armbands, he said, were intended to mourn the six students who were shot and killed. But now they had taken on additional meaning.

"From now on," he said, "we mourn for this country."



An ethnic Chinese woman in Jakarta collecting her belongings in the street Friday after the quarter was looted.

CHINESE: After Looting and Arson in Jakarta, a Familiar Target of Indonesian Anger Is Again on the Run

Continued from Page 1

idential Palace. The Chinese, on the other hand, are an easy target, with shops and businesses everywhere in Jakarta.

As the mob seeks to vent its rage against Mr. Suharto, Chinese people have become the hapless proxies for an unpopular president.

"I guess they are jealous of us," said Johan, a gangly 20-year-old, as he struggled to understand why rioters rampaged through Chinatown on Thursday, laying waste to his neighborhood. "I know that many Chinese people are rich, but they should realize that not all Chinese are rich."

Indeed, Chinatown is a working-class community with small stores, car repair

shops and apartment buildings. Friday, the neighborhood looked as if it had been bombed, with debris piled high on the sidewalks and charred hulks of cars, trucks and motorcycles forming an obstacle course on the main street.

Nearby, a three-story shopping mall filled with Chinese-owned stores had been gutted by fire. As military police officers stood guard, shopkeepers sifted through the ashes for pots, pans and a few other possessions.

The perception of economic injustice has fed anti-Chinese feelings in Indonesia since the 19th century. Political analysts cite a simple statistic: Chinese people constitute less than 5 percent of Indonesia's population of nearly 200 million, but they own three-quarters of

the country's private wealth. By one estimate, Chinese entrepreneurs control 80 percent of the 163 companies listed on the Jakarta Stock Exchange.

Still, the animosities between indigenous Indonesians and ethnic Chinese run deeper than simple economics. Many Indonesians believe that leading Chinese businessmen made their fortunes through collusion with the Suharto government, which granted them lucrative contracts and franchises.

For example, Indonesia's richest man, Liem Sioe Liong, made his multimillion-dollar fortune by winning government contracts to build cement and steel plants and through monopolies on importing rice and sugar. Born in China, Mr. Liem is also one of Mr. Suharto's closest friends.

That relationship did him no good on Thursday, when a group of rioters made for Mr. Liem's house in central Jakarta, sacking and torching it. The blackened remains of a Mercedes-Benz sedan stood in the garage of the contemporary-style house, which is now little more than a concrete shell with smoldering cinders. On the fence in front, rioters had spray-painted the words "Suharto's Dog."

Friends of Mr. Liem said he was in Singapore at the time of the attack, as was his son and heir, Anthony Salim, who runs the family business. Mr. Salim is a member of Indonesia's delegation in talks to refinance \$80 billion in private-sector debt.

Mr. Chun, the businessman who is from Hong Kong but has Canadian citizenship, said that the Chinese population in Indonesia perpetuated the rift with indigenous Indonesians by living in enclaves and refusing to assimilate. "When you talk to the Chinese," he said, "they always refer to the Indonesians as locals."

But as terrifying as this week was, some ethnic Chinese said it was not as bad as the persecution that Chinese people suffered in 1965-66, the year of living dangerously in which Mr. Suharto wrested power from President Sukarno.

"In those days, the looters killed the Chinese shopkeepers," said Kwik Kian Gie, a prominent Chinese economist. "Now they only want to steal their property."

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India Can M
Leader Says

Sanctions
Experts Ar

India Can Make a 'Big Bomb Now,' Leader Says, But Only for Defense

By Kenneth J. Cooper
Washington Post Service

NEW DELHI—Prime Minister Atal Bihari Vajpayee on Friday declared India to be a nuclear power capable of making an unspecified "big bomb," but he also said it would not be used in a first strike and only employed if necessary to defend the nation.

Mr. Vajpayee's first public comments on strategic issues since India's five underground tests this week spelled out that his coalition government planned to develop an arsenal of nuclear weapons. Since India's first test in 1974, successive governments have maintained that the nation's nuclear program was for peaceful purposes and asserted the right to keep open an option to produce warheads.

Mr. Vajpayee and other government

officials had earlier described what were detonated this week as "nuclear devices."

On Friday, in a speech to political supporters and then in an interview with India's leading newsmagazine, he spoke of "weapons."

"India is now a nuclear weapons state," Mr. Vajpayee told India Today, the transcript of which his office released. "We have the capacity for a big bomb now. Ours will never be weapons of aggression."

The prime minister's office initially released a transcript that said India already had a "big bomb" and also the necessary command and control system, but the government later issued a clarification that inserted the words "the capacity for" and deleted the reference to an oversight structure.

In a brief, sober speech to supporters

gathered outside his official residence, Mr. Vajpayee vowed, "We will not use these weapons against anybody. But to defend ourselves, if the need arises, we will not hesitate."

Mr. Vajpayee's declaration that India possesses nuclear weapons amounted to a demand that the international community recognize the nation as such, joining the United States, Russia, China, France and Britain. Once a nation signs the Nuclear Nonproliferation Treaty — India has not — it is allowed to keep its nuclear weapons and does not have to submit to the same international inspections of its facilities as other states.

India has challenged the international goal of limiting the number of declared nuclear powers to five and preventing the spread of such weaponry. That goal has been tenuous because India, Pakistan and Israel have achieved the capability to produce nuclear weapons, making them so-called threshold states.

Since its inception in the 1960s, India's nuclear program has been under the civilian control of government scientists and senior bureaucrats. A national security adviser to Mr. Vajpayee's political party said that a new command and control system to oversee nuclear weapons would be created separate from existing military services. According to a senior Vajpayee aide, Pramod Mahajan, civilian control would be maintained.

The national security adviser, Mohan Guruswamy, said that India's nuclear doctrine would be developed during the next few months as part of a national security review being directed by K.C. Pant, a former defense minister. Mr. Vajpayee explained India's decision to resume nuclear testing, which has brought a round of international condemnation, as motivated by a need to ensure the nation's "security and self-defense" and to update its knowledge of nuclear technology.

"We live in a world where India is surrounded by nuclear weaponry," Mr. Vajpayee said in the magazine interview. "The world community should appreciate the fact that India, the second most populous country on Earth, waited for five decades before taking this step."

India borders a declared nuclear power, China, and an undeclared one, Pakistan, the archenemy against which India has fought and won three wars. China defeated India in a 1962 border war that lasted a month.

The prime minister said in his speech that "in the last few years, our security environment on all our four sides has deteriorated." He said: "New weapons are being made. Old ones are being modernized. In this region, weapons are being brought from outside," an apparent reference to the reported supply of missile technology to Pakistan by both China and North Korea.

The underground explosions at the desert testing site about 330 kilometers (205 miles) southwest of Delhi near the Pakistan border, he said, were also "done just to see that what you did in the lab will take shape on the ground or not."

Mr. Vajpayee, prime minister for two months, denied any partisan purpose to boost the popularity of his Hindu nationalist Bharatiya Janata Party, which dominates a disparate coalition that controls a narrow parliamentary majority.

Taken together, the separate sets of remarks sent mixed signals to the eight nations, including the United States, Japan and Germany, that have announced sanctions on India for going against the international movement toward nonproliferation. Mr. Vajpayee urged other nations to "rethink and reconsider" the suspension of various forms of aid to one of the world's poorest countries, but called sanctions "hypocritical" and vowed that India would withstand their impact.

Some countries that have imposed sanctions, he said, have conducted "far more nuclear tests" and have built "huge stockpiles of nuclear weapons and delivery systems" or have been "enjoying the shade provided by somebody else's nuclear umbrella."

"Sanctions cannot and will not hurt us," he continued. "India will not be cowed down by any such steps and punitive steps. India has the sanction of her own past glory and future vision to become strong in every sense of the term."



Protesters from various Pakistani religious parties holding an anti-India march Friday in Karachi, where Islamic clerics gathered to condemn New Delhi's nuclear program and demand that Pakistan conduct its own tests.

Pakistan Undecided on Test, U.S. Says

Compiled by Our Staff From Dispatches

ISLAMABAD, Pakistan—Pakistan appears to have made no final decision whether to detonate a nuclear device in response to India's five tests earlier this week, American officials said Friday.

The officials spoke after Deputy Secretary of State Strobe Talbott held talks here with Prime Minister Nawaz Sharif, Foreign Minister Gohar Ayub Khan and other senior Pakistani officials.

"It is our sense that the Pakistani leadership has not made a final or irrevocable decision over this issue," an American official said.

Earlier, Washington said intelligence reports indicated that Pakistan was preparing to explode a device in a remote southwestern desert region.

But the U.S. officials said it appeared that Pakistan was waiting to see if the leaders of industrialized nations meeting in Birmingham, England, would stiffen sanctions against India.

"Our position is quite clear," said Tariq Alai, the Foreign Ministry spokesman. "Our response will be in keeping with the threats we are facing and with our national security interests."

Before the meetings Friday, Mr. Sharif said Pakistan was in "no haste" to conduct a nuclear test. "We have the capability and we did not test the bomb for the last 15 or 20 years," Mr. Sharif said. "We are in no haste to test the bomb immediately after India tested the bomb," he added on state television.

On Thursday, Pakistani senators demanded that Pakistan conduct a test. A military expert said a nuclear test by Pakistan could propel the Subcontinent into arms-control talks and put



Foreign Minister Gohar Ayub Khan of Pakistan, left, who met with Strobe Talbott, the U.S. deputy secretary of state, in Islamabad on Friday.

the brakes on a budding arms race. "Until you admit you have the weapons, you can't start talking about reducing them," said Shireen Mazari, a South Asian military expert.

Meanwhile, Pakistan's former prime minister, Benazir Bhutto, called for strong action against India. "Rogue nations that defy world opinion ought to be taught a lesson," she said. "If a pre-emptive military strike is possible to neutralize India's nuclear capability, that is the response that is necessary."

Pakistan has been subject to U.S. sanctions since 1990, when Washington cut off \$650 million in military and humanitarian aid, saying Pakistan had a nuclear bomb.

At the time, Pakistan was awaiting an

order of American F-16 aircraft. Although the United States froze the order, the manufacturer continued making the planes, and Pakistan continued to make payments as the two countries tried to negotiate an end to sanctions.

There is speculation here that in exchange for Pakistan's not conducting a nuclear test, Washington may offer to return its money or give Pakistan about 20 F-16s already built and in storage in the United States.

President Bill Clinton, at a meeting of leading industrialized nations in Birmingham, England, said Friday that he hoped Pakistan could find a way to avoid a nuclear test and "show a great act of statesmanship and restraint."

(AP, AFP, Reuters)



Members of India's National Trade Union and National Democratic Front shouting slogans Friday in New Delhi against the nuclear testing.

Sanctions Against India: Experts Are Skeptical

By Paul Blustein
Washington Post Service

WASHINGTON—U.S. sanctions against India are likely to inflict only modest economic punishment, according to many experts, despite claims by Clinton administration officials that New Delhi will suffer greatly for testing nuclear devices.

A major problem, analysts said, is that the sanctions thus far do not enjoy enough support from other rich countries. European nations, in particular, may be willing to fill the breach in loans and credit guarantees opened by the U.S. sanctions.

Moreover, India has a relatively closed economy that is less vulnerable than many other countries to a sudden loss of credit. India's main stock index, which plunged 6 percent this week over fears about the sanctions' economic effects, recovered about half of that loss Thursday as investors voiced relief that the economy appeared likely to escape a nasty lull.

Administration officials, in announcing President Bill Clinton's decision to impose curbs on U.S. trade, aid and loans to India, said the pain in India would be acute.

"I am certain that India will soon understand the far-reaching impact of the president's decision," said Karl In-derfurth, assistant secretary of state for South Asian affairs.

All told, the sanctions would affect about \$20 billion in loans, guarantees and other economic aid.

But the penalties that Mr. Clinton imposed are not nearly as drastic as, say, the near-total embargo on Iraq's global trade, which is backed by a United Nations resolution.

Rather, the sanctions bar U.S. government agencies such as the Export-Import Bank and the Overseas Private Investment Corp. from financing deals with India, and prohibit the sale of weapons or technology that could be used to make weapons. Moreover, U.S. foreign aid to India is suspended — and new World Bank loans to the country are endangered, because Washington will oppose them.

So while American companies such as Boeing stand to lose hundreds of millions of dollars in orders from India for lack of government financing, the Indians may well be able to obtain the products they need from other sources: Airbus Industrie of Europe, Boeing's rival, being an obvious candidate.

Mr. Clinton will be striving mightily this weekend at the annual economic summit of seven major industrial nations and Russia to persuade his fellow leaders to adopt the U.S. approach. So far, though, among those nations, only Japan has said it will join Washington in suspending aid.

Kimberly Elliott, a research fellow at the Institute for International Economics in Washington, said that if the summit leaders could "put together a coordinated package, it would have an impact — not a huge one, but it would be felt."

She added, however, that "it doesn't look like you're going to see that degree of cooperation."

India is much less vulnerable to sanctions than many of its Asian neighbors, economists agree, because its economy has been isolated until recently and its people are so accustomed to grinding poverty.

The Indian economy boomed for several years following the 1991 adoption of economic reforms aimed at reversing decades of protectionism and statist controls. Economic growth slowed in 1997 to about 5 percent, however, as the government backtracked on pro-market policies, and foreign investment in the economy has remained at modest levels: just a little over 1 percent of the nearly \$400 billion in gross domestic product.

"If you launched sanctions like this on China, the effect would be much greater, because they depend so much more on foreign investment," said David Rothkopf, a former senior Commerce Department official, adding that India's "backward economic policies have actually immunized it against the consequences of ill-considered foreign policies."

Even cutting off new World Bank loans and other foreign aid would likely produce a gradual, modest squeeze on Indian living standards rather than a severe one, analysts said.

While India is one of the world's biggest aid recipients, international assistance accounts for only about 1 percent of GDP.

The Indian authorities, some experts said, still ought to worry about one scenario: a dramatic change for the worse in sentiment among both foreign and domestic business executives.

"I've gone there a huge number of times, especially in the past couple of years, and I'm impressed by the real dynamism of their modern entrepreneurial sector," said W. Bowman Cutler, a former White House official who heads a company that has invested in several Indian ventures. "That could dry up, and it would be felt a lot. But it's not inevitable."

CAMPAIGN: China Military Tied to Democrats' Fund-Raising

Continued from Page 1

making it easier for American civilian communication satellites to be launched by Chinese rockets, a key issue for the People's Liberation Army and for Miss Liu's company, which sells missiles for the military and also has a troubled space subsidiary.

The president's decision was valuable to Miss Liu for enabling her company to do more business with American companies, but it had also been sought by American aerospace corporations, including Loral Space & Communications and Hughes Electronics Corp., a unit of General Motors Corp., seeking to do more business in China.

A lawyer for Mr. Chung, Brian Sun, declined to comment on his client's conversations with investigators, citing his client's sealed plea agreement with the Justice Department.

Mr. Chung has denied being an agent of the Chinese government.

A National Security Council spokesman, Eric Rubin, said, "It is ludicrous to suggest there was any influence on the determination of U.S. policy on this matter."

Miss Liu did not return a message left with her office in Hong Kong.

Mr. Chung's revelations have opened an avenue of inquiry leading in a diplomatically sensitive direction. Next month, Mr. Clinton goes to Beijing,

where he hopes to announce increased space cooperation between China and the United States.

A representative of the Chinese government denied that Beijing was behind the purported contributions. "China has always abided by the laws and regulations in this country," said Yu Shun-ning, a press counselor for the Chinese Embassy in Washington. "We have nothing to do whatsoever with political contributions in this country."

Mr. Chung, an American citizen who was born in Taiwan, owned a flourishing facsimile company in Torrance, California. He became involved with the Democratic Party in early 1995 through Asian-American contacts at the White House and was known for constantly trying to use his connections in Washington with Chinese government officials and executives.

Despite being labeled a "hustler" by one presidential aide in 1995, Mr. Chung managed to visit the White House at least 49 times. He and his company contributed \$366,000 to the Democratic National Committee — most of it before he met Miss Liu. The full amount was later returned after questions were raised about Democratic fund raising.

A Democratic National Committee spokesman, Richard Hess, said, "We did not know and had no way of knowing the source of his funds."

SUMMIT: Call to Condemn India Tests

Continued from Page 1

posed to imposing sanctions on India, Prime Minister Jean Chretien criticized European governments on Friday for what he called their "slow" reaction to India's nuclear tests this week.

"The Europeans' attitude is rather slow in coming," he said in Birmingham. "We have reacted more rapidly and more strongly."

Asked if Britain was ready to introduce economic sanctions against India, Mr. Blair's spokesman said London was "debating a range of options" and had held back so far "precisely because of our role as president of the European Union and the G-8." The British spokesman said Mr. Blair believed that as far as India was concerned "we have to keep the temperature lowered a little bit."

Mr. Clinton, by contrast, used each photo opportunity during Friday's round of meetings to urge the group to take "a clear position" condemning India and asking Pakistan not to conduct nuclear tests. The U.S. president said he would urge his G-8 colleagues to find "a formula" that would make it "politically possible" for Pakistan "not to go forward" with its own nuclear tests. This

formula, Mr. Clinton said, might include an effort to arrange for Pakistanis to receive "their money back" for some U.S. F-16A fighter jets that were paid for but never delivered.

Pakistan is owed \$501 million for the aircraft it never received because of U.S. legislation blocking delivery unless the U.S. president certified that Pakistan was not in possession of nuclear weapons. A U.S. official said Friday that Washington was working to find a third-party buyer for the fighter jets.

Aide to Mr. Clinton also said that Strobe Talbott, the deputy secretary of state, would fly to Birmingham on Friday night from Islamabad, where he had held talks with Pakistan's prime minister, Nawaz Sharif. But U.S. officials declined to comment on what inducements Mr. Talbott might have offered to Pakistan in his effort to stop a new round of 60-for-tan nuclear tests.

Mr. Clinton said it would be "a great act of statesmanship and restraint" for Pakistan to not go ahead with nuclear tests. But he acknowledged the "overwhelming political pressure that must be building up on them at home." Some officials of the countries represented at the summit meeting believe that Pakistan may go ahead with a nuclear test in a matter of days, notwithstanding Mr. Talbott's mission and their own calls for restraint.

"It is too late," a French official said Friday, explaining that France and other G-8 countries had received indications that Pakistan had decided to proceed with a nuclear test.

The Group of Seven industrialized countries — the United States, Canada, Britain, Germany, France, Italy and Japan — has admitted Russia this year to its annual summit conference, forming the Group of Eight. Russia does not participate, however, in G-7 meetings of finance ministers.

While the leaders did not concur on joint sanctions for India, they found it easier to agree on how worried they were about the political crisis in Indonesia.

When asked if President Suharto should step down, Mr. Clinton said that it was for the Indonesian people to decide. "What we do believe is important," he added, "is that the present government open a dialogue with all the elements of society and that it lead to genuine political reform."

Mr. Clinton also issued a written statement Friday in which he urged the Suharto government to heed Indonesians' demands for economic and political reform.

"Giving the people of Indonesia a real voice in the country's political affairs can make a real contribution to restoring political order and stability based on human rights and the rule of law," Mr. Clinton said in the statement. President Jacques Chirac, who also met separately with Mr. Clinton ahead of the summit talks, said he hoped for "a peaceful solution" to the Indonesian crisis.

Blasts Expose Problems of Verification

By William J. Broad
New York Times Service

NEW YORK—Only one of the five nuclear tests that India announced this week was detected by the thousands of seismometers around the world set up to track earthquakes and atomic blasts, renewing a debate among experts about how effectively a test ban treaty can be monitored.

Some weapons analysts say the failure to detect four of the tests — only the largest, on Monday, was registered — has landed a body blow to the international monitoring system set up as part of the Comprehensive Test Ban Treaty.

Others say the lack of data on the four blasts is insignificant, and that scientists might fill the void in the coming weeks as more information is studied.

"It raises very serious questions about the verifiability of this treaty," said Frank Gaffney Jr., a former Pentagon official who directs the Center for Security Policy, a research group in Washington that opposes many of the Clinton administration's arms-control goals.

But Gregory van der Vink, director of planning at Incorporated Research Institutions for Seismology, a scientific consortium in Washington, strongly disagreed.

While acknowledging that "we really have only one seismic signature, and that's from Monday's blast," he added: "This is not a failure of the international monitoring system but a recognition that there will always be some level below which we won't have a high certainty of making detections."

For generations, arms controllers advocating a global ban on the underground testing of nuclear weapons have said that such a treaty could be policed by seismometers.

The Clinton administration has championed not only the test ban treaty, which it signed in 1996, but also the construction of a global network of seismometers to achieve the monitoring goal.

The vivid demonstration of the system's weakness is likely to stir more debate over the usefulness of a policeman who can catch only one in five offenders, and perhaps of the law giving the policeman such authority.

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SINATRA: The 'Voice' Dies at 82

Continued from Page 1

Jersey, was a symbol of ethnic achievement. And more than most entertainers, he used his influence to support political candidates. His change of allegiance from pro-Roosevelt Democrat in the 1940s to pro-Reagan Republican in the 1980s paralleled a big shift in U.S. politics.

Mr. Sinatra left his imprint on scores of popular songs and was the background voice, it seemed, for the romances of most Americans, from the earliest to the second time around.

Among the standards he recorded at least three times were "All or Nothing at All," "Angel Eyes," "Autumn in New York," "I Concentrate on You," "I Get a Kick Out of You," "I'll Be Seeing You," "I'll Never Smile Again," "I've Got a Crush on You," "I've Got You Under My Skin," "Nancy (With the Laughing Face)," "Night and Day," "One for My Baby," "September Song" and "Stormy Weather."

His personal signature songs included "Put Your Dreams Away" (his 1945 theme) and later "Young at Heart" (1954), "All the Way" (1957), "It Was a Very Good Year" (1965), "Strangers in the Night" (1966), "My Way" (1969) and "New York, New York" (1980).

Mr. Sinatra was born in Hoboken on Dec. 12, 1915, the only child of Martin Sinatra, a bootmaker and sometime boxer from Catania, Sicily, and his wife, Natalie Garavante, nicknamed Dolly.

In 1935, he joined three other young men from Hoboken who called themselves the Three Flashes. The quartet renamed itself the Hoboken Four and won first prize on "Major Bowes's Original Amateur Hour."

After several months with the group, Mr. Sinatra decided to go it alone, and in the late 1930s he had his first important nightclub engagement, at the Rustic Cabin, a roadhouse in Alpine, New Jersey. Local radio exposure brought him to the attention of Harry James, the trumpet player who had recently left Benny Goodman to form his own band. Mr. James signed Mr. Sinatra for \$75 a week, and the singer made his first concert appearance with the James band in June 1939 and his first recording the next month.

Early that year, he married his longtime sweetheart, Nancy Barbato. They would have three children: Nancy, who was born in 1940; Franklin Wayne (later shortened to Frank Jr.), born in 1944; and Christina (Tina), born in 1948.



Montgomery Clift and Frank Sinatra in "From Here to Eternity" (1953), for which Mr. Sinatra won an Academy Award as best supporting actor.

Six months after Mr. Sinatra signed with Harry James, Tommy Dorsey invited him to join his band, which was far more popular. Mr. Sinatra remained with Mr. Dorsey from January 1940 until September 1942. His first successful recording with the band was "Pulcinella and Moonbeams." Six months after joining the Dorsey band, he scored his first No. 1 hit, "I'll Never Smile Again."

Determined to be the first singer since Bing Crosby to have a successful solo career, he split from Mr. Dorsey, who held him to a contract that gave the band leader 43 percent of the singer's income for the next decade. Eventually Mr. Sinatra, with his record label, Columbia, and his booking agency, MCA, bought out the contract.

Mr. Sinatra's last concert with the Dorsey band was in September 1942. Three months later, he made history at age 27 with his first solo appearance at the Paramount Theater in New York City. Billed as an "extra added attraction" on a program headlined by Benny Goodman, Mr. Sinatra appeared on Dec. 30 and evoked a public hysteria that made headlines. Within weeks he had signed lucrative contracts with Columbia Records, R.K.O. Pictures and the radio program "Your Hit Parade."

Mr. Sinatra's first movie appearance was in 1940, singing with the Dorsey band in "Las Vegas Nights." He made his movie acting debut in 1943, in "Higher and Higher." The film was followed by "Step Lively" (1944) and

"Anchors Aweigh" (1945) the first of three movies in which Mr. Sinatra played Gene Kelly's sidekick.

Although he had shown himself to have an engaging screen presence, his film career had not made him a top box office star. From 1946 to 1949, he appeared in five MGM musicals — "Till the Clouds Roll By" (1946), "It Happened in Brooklyn" (1947), "The Kissing Bandit" (1948), "Take Me Out to the Ball Game" (1949) and "On the Town" (1949) — and one R.K.O. film, "The Miracle of the Bells" (1948).

After two more unsuccessful pictures, "Double Dynamite" (1951) and "Meet Danny Wilson" (1952), his movie career all but evaporated.

While his career was in decline in the late 1940s, his marriage to Nancy Barbato also unraveled. In 1949 he had begun an affair with Ava Gardner, the movie star. The relationship became public the next year, and on November 7, 1951, a week after his divorce was final, he married her in Philadelphia. The marriage lasted just less than two years.

Mr. Sinatra's phenomenal resurgence began in 1953 with the release of "From Here to Eternity," Fred Zinnemann's film version of James Jones's best-selling novel about American G.I.'s in Hawaii on the eve of World War II. His portrayal of Maggio, the combative Italian-American soldier who is beaten to death in a stockade, his spirit unbroken, won him rave reviews, an Oscar and renewed public sympathy.



President Ronald Reagan cutting in on Nancy Reagan's dance with Mr. Sinatra at a 1981 event. By the '70s, Mr. Sinatra was a supporter of the right.

In April 1953 Mr. Sinatra then 37, signed with Capitol Records. A cautious deal, the contract was for only one year. The collaboration with the arranger Nelson Riddle hit its artistic peak with three albums. "In the Wee Small Hours," a 16-cut collection of classic torch songs sung in a quietly anguished baritone, was released in the spring of 1955. "Songs for Swingin' Lovers," released a year later, defined Mr. Sinatra in his adult "swinging" mode.

After "From Here to Eternity," Mr. Sinatra's movie career boomed, with the roles many and varied. He played the perennial gambler Nathan Detroit in the film adaptation of the Broadway musical "Guys and Dolls" (1955), a heroin addict in "The Man With the Golden Arm" (1955), and an Army investigator tracking a would-be assassin in the political thriller "The Manchurian Candidate" (1962).

Mr. Sinatra remained a top box office draw for nearly a decade, and his success as both singer and actor led the New York radio personality William B. Williams to nickname him Chairman of the Board of show business. The name stuck for the rest of his long career.

"Ocean's Eleven" (1960) was the first of three Sinatra films to feature the star surrounded by the hard-drinking, high-living clique — nicknamed the Rat Pack — that included Dean Martin, Peter Lawford, Sammy Davis Jr. and Joey Bishop. The Rat Pack would appear together in three more light-

hearted capers: "Sunglaze Time" (1962), "Four for Texas" (1963) and "Robin and the Seven Hoods" (1964).

After supporting Adlai Stevenson's bid for the presidency in 1956, Mr. Sinatra worked avidly for John F. Kennedy in 1960 and supervised the newly elected president's inaugural gala in Washington in January 1961. But his pro-Kennedy sentiments cooled after the president canceled a weekend visit to Mr. Sinatra's house because the singer had played host to the Chicago mob boss, Sam Giancana, and his associates. By the 1970s, Mr. Sinatra had turned to the right. He became a supporter of Richard Nixon and Ronald Reagan.

His 50th birthday in 1965 was celebrated with the release of two deliberately monumental albums, "September of My Years" and "A Man and His Music," an anthology of his career that he narrated and sang.

Mr. Sinatra scored a double triumph in 1966 when "A Man and His Music" was voted album of the year, and "Strangers in the Night," his first No. 1 single in 11 years, won record of the year. The string of hits continued with a Top 5 hit, "That's Life" (1966), and "Something Stupid" (1967), a duet with his daughter Nancy.

In 1969, he had a substantial hit with "My Way." Along with "New York, New York," which he recorded for a three-disc set, "Trilogy: Past, Present, Future" (1980), it became one of the signature songs of his later years.

The moment when Mr. Sinatra and his style of music seemed the least fashionable was in the late 1960s, when the rock counterculture dominated popular music. His marriage in 1966 to the actress Mia Farrow, then 20, seemed in part to be a search for a youthful connection. They were divorced in 1968.

In June 1971, Mr. Sinatra announced his retirement during a gala concert at the Dorothy Chandler Pavilion in Los Angeles, but it lasted only two years. He returned with the album "Ol' Blue Eyes Is Back," the title of which gave him his last show business nickname.

In 1976 he married for the fourth time, to Barbara Blakely Marx, who had been married to Zeppo Marx.

BRIEFLY

North Korea Fails To Return Remains

PANMUNJOM, Korea — U.S. military officials accused North Korea on Friday of reneging on a promise to return remains believed to belong to two U.S. soldiers killed in the Korean War.

The officials said they traveled to this border village in the Demilitarized Zone to accept the remains. When no North Koreans showed up, they pulled back. "Their failure to comply with this humanitarian agreement is all the more disappointing," Major General Michael Hayden of the air force said. (AP)

Cambodia Talks Adjourn Quickly

PHNOM PENH — Cease-fire talks between the Cambodian government and a military team under the deposed co-prime minister, Prince Norodom Ranariddh, broke down soon after opening Friday because of a disagreement over a member of the prince's team.

The government side objected to the presence in Prince Ranariddh's five-member delegation of Long Sarin, a senior official from the Cambodian embassy in Bangkok. The government said that only military officers were eligible. (Reuters)

Pakistan Christians Clash With Police

LAHORE, Pakistan — The police clashed with thousands of Christians on Friday who were calling for the repeal of blasphemy laws that led to the suicide of a Roman Catholic bishop last week.

Witnesses said police used tear gas and sticks to control sections of a huge demonstration in the Punjab capital, Lahore, against laws under which blasphemers can be executed. (Reuters)

China Police Call For Explosives Curb

BEIJING — Chinese police ordered a crackdown Friday on explosives, the Xinhua press agency said, a move that followed a recent spate of deadly blasts.

"Work units using explosives must strictly abide by national regulations and may not illegally manufacture, sell, buy, transport, store or use explosives," Xinhua quoted a circular by the Ministry of Public Security as saying.

It added that businesses losing explosives would be held responsible. (Reuters)

Marjory Douglas, Defender of Florida Everglades, Dies at 108

New York Times Service

NEW YORK — Marjory Stoneman Douglas, the spirited writer and environmentalist who was known as the patron saint of the Florida Everglades for her ceaseless campaign to preserve the fragile wetlands, died Thursday at her home in Miami. She was 108 years old.

The author of many short stories, novels and works of nonfiction, Mrs. Douglas was best known for her 1947 call to arms, "The Everglades: River of Grass,"

which was at once a natural and political history and a prescient warning of what was to come if developers and other commercial interests were permitted to have their way with the unique wetlands that covers much of southern Florida.

The book became a best-seller and transformed public perception of the wetlands, which was then considered by most people to be a useless swamp that should be drained and developed for farming and housing.

She also helped lead the campaign in 1947 to have the central core of the Everglades preserved as Everglades National Park.

H. D. Quigg, 86, UPI Reporter Who Covered Moon Landing
NEW YORK (AP) — H. D. (Doc) Quigg, 86, who covered two wars, the moon landing and some of the biggest trials of the century during a 49-year career as a reporter for United Press

International, died Tuesday at St. Vincent's Medical Center of complications from heart disease.

Mr. Quigg was with General Douglas MacArthur in the Pacific during World War II, and in 1947 accompanied Admiral Richard Byrd on his expedition to the Antarctic. Among the court cases that he covered were the trials of Jack Ruby, Alger Hiss, Dr. Sam Sheppard, James Earl Ray and the Chappaquiddick inquiry involving Senator Edward Kennedy.

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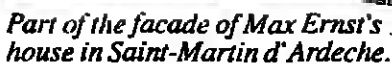
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World Cup Rentals

The New Look of Vincent Perez

By Michael Gibson
International Herald Tribune

The house changed hands a number of times, and in the '80s, despite an eleventh-hour attempt by the Ministry of Culture, the



The exhibition remains at the Pompidou Center until July 27 and moves to the Dusseldorf Kunstsammlung from Sept. 5 to Nov. 28.

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By Joan Dupont
International Herald Tribune

CANNES FILM FESTIVAL

The Other

Perez, whose mother is German and father Spanish, was raised in a Swiss village; he left Switzerland for France and lost German as his primary language at 14. "Perhaps English became my new mother tongue," he says.



Perez feels that his progress as an actor, is about "being free and to be free, you have to be able to face your fears." He started on Viviane right after playing the daredevil Duc de Angiers in Philippe de Broca's *Le Bossu*. "I was told he felt he was above it all — that helped me a lot." The actor, who has had famous

By Grace Glueck
New York Times Service

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Despite the massing of details, light fills this and other early Thames views, like the 1860 print "Rotherhithe" (a grungy neighborhood east of the Tower of London) that combines riverscape with portraiture. In it, two men relax on a dock in the close foreground; immediately behind them loom a wall and a maze of masts and rigging. The flat picture space was possibly derived from Whistler's study of Japanese prints. In scenes like these, he often allowed the emptiness of the sky to be reflected in a corresponding patch of water, enhancing the light while providing a calm foil for the action on the river.



He was moving toward the impressionistic style that came to full fruition in his wonderful Venetian series. He went to Venice in 1879 on a commission from the Fine Art Society of London for 12 etched views of the city. His was not the tourist's Venice. He drew courtyards, out-of-the-way canals, bridges and people, often working directly on an etching plate he carried with a fine needle or a dentist's tool. And he adopted a new style that seemed tailored to the Venetian environment and character.

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What vested so much control in young film grads and school dropouts was the moguls, Biskind writes. "By the late '60s,"

much controversy in the school system, and stage director Bogdanov says, "I am among the angels." The book, Biskind writes, is a memorabilia of the war, and describes

Book is crammed with vignettes. One how Coppola, hav-

... finished "Easy

Dennis
articles on
appeared
Monthly, Fr
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The image shows a document with a grid of handwritten notes. The notes are written in cursive and appear to be from the early 20th century. There are several stamps on the document, including "CANTIERE" at the top, "H. M. V." in the middle, and "HARRY CAMPBELL" and "CARTIER" at the bottom. The document is tilted and the text is somewhat blurry.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Sunset for Suharto

There are no magical answers to the political and economic troubles engulfing Indonesia. A lethal combination of corruption, irresponsible economic management and autocratic leadership has brought the world's fourth-most-populous nation to the brink of chaos. But it is now clear that recovery cannot begin as long as President Suharto remains in power.

Like the Shah of Iran two decades ago, and Ferdinand Marcos in the Philippines in 1986, Mr. Suharto faces a popular rebellion and can retain power only through the use of military force against his countrymen.

Eventually, even the army may turn against him in the bloodshed.

He can spare Indonesia further turmoil by yielding office to a government that quickly sets a date for free and fair elections.

Little about Mr. Suharto's 32-year rule would suggest he will act with compassion or in the public interest. Since Indonesia's economic meltdown began last year, he has moved primarily to protect his family's financial interests and to preserve his own power. There was no reservoir of public support to carry him through the price rises produced by the collapse of the currency and the end of expensive subsidies—a reform demanded by the International Monetary Fund as the price of its bailout. Indonesians are particularly angry because Mr. Suharto

has not been willing to close insolvent banks controlled by his family and business partners.

The only way for Indonesia to make needed reforms is to carry them out under a new government made up of trusted leaders. In South Korea a newly elected leader, Kim Dae Jung, has persuaded citizens to accept measures that his predecessor could not. Mr. Suharto's suffocating rule has stunted Indonesian politics and left the country without seasoned opposition leaders. There is a danger that one of his obedient associates will try to hold power if Mr. Suharto steps aside or that the army will try to run the country. The best way to avoid that is to move swiftly to elections.

The military should refuse to repress peaceful protests and turn its attention to stopping looting and mob violence, offering special protection to Chinese shopkeepers, who are a common scapegoat in troubled times. The United States should immediately end all military training for Indonesian soldiers and freeze all weapons transfers.

President Bill Clinton has sent several delegations to Jakarta in recent months to press Mr. Suharto to reform. The only message left to send is to urge Mr. Suharto to resign and to tell his successors the bout for democracy in Indonesia has come.

—THE NEW YORK TIMES.

Assurances for Pakistan

In the race to keep Pakistan from following India into nuclear testing, the United States has three options that need to be bound into a coherent policy.

The first is to contain the damage. By whatever persuasion and arm-twisting it takes, U.S. officials should try to ensure that new testing does not lead to deployment. A higher position on the nuclear ladder for one or both the South Asian countries should not moot the obligation of restraint. India may be hard to reach. Its pride is high, and as a nation that lives with mass poverty, it will not yield easily even to punishing sanctions. But there are degrees of harm from the testing, and the lesser degrees are better.

Then, the United States and others must refocus on the security requirements of Pakistan. The Indian tests have made the Pakistanis, already feeling vulnerable, feel doubly so. The team President Bill Clinton sent to Islamabad to argue abstinence from testing will surely be asked how the administration intends to extend protection.

Part of the answer is by immediate release of the U.S. warplanes that Pakistan bought and paid for but was not

allowed to take possession of because of its own lesser nuclear proclivities. Another part is to show the Pakistanis, by imposing severe sanctions on India, what they might suffer from their own testing. A further part lies with China, which in this instance stands closer to American policy than does friendly, democratic India. China is the strategic patron of Pakistan and the technical enabler of its testing capability.

Finally, the entire disarmament cause must be revived in pace and scope to match the newly demonstrated urgency. The declared nuclear countries have far to go to be able to lead by example rather than by exhortation. This was the explicit condition of the nuclear privilege granted the United States and the other declared powers in the basic nonproliferation treaty.

The test ban treaty's lack of enforcement provisions is painfully evident. Still, its value in setting nuclear standards remains. The treaty does not come formally into effect until India and at least 39 other nations with civilian nuclear power accept it. The U.S. Senate, which has been sitting on this treaty, should ratify it now.

—THE WASHINGTON POST.

Close a Dirty Chapter

Despite the Clinton administration's promise to open Cold War archives, Central American and Caribbean countries investigating recent abuses have found it difficult to get information they need. U.S. intelligence and diplomatic officials serving in Honduras, Haiti, El Salvador and Guatemala collected information about human rights, and many had relationships with the abusers. But when investigators in trials or truth commissions have sought the documents, declassification has often been incomplete and tardy.

An effort to change this deserves the administration's full support. The Human Rights Information Act would give agencies 120 days to make declassification decisions on requests from truth commissions and other official investigative panels. Currently the process can take years—Honduras has been waiting since 1993 for documents from the CIA.

The bill covers only Central American and Caribbean nations, but can and should be broadened. It would also require the agencies to lean toward openness, applying standards that have been used successfully in the recent releases of documents on the Kennedy assassination without revealing intelligence sources or methods. They require a precise definition of harm to national security before material can be withheld. This should combat the widespread practice of keeping material classified merely because it embarrasses the U.S. government.

Administration officials say the bill

will let Congress dictate matters that should be the prerogative of the president. But the measure gives the president the final say.

They also argue that this administration has done more than any previous one to declassify documents and reveal past U.S. abuses. That is true, but since it is unencumbered by Cold War abuses, and the old enemy is gone, it should be doing more. Countries find it difficult enough to uncover the past, bring abusers to account and create respect for the law without having to wrestle with Washington along the way.

—THE NEW YORK TIMES.

Other Comment

The Aspiring Irish

The agreement explicitly makes clear the legitimacy of the aspiration for a united Ireland and contemplates advocacy for that position in a peaceful and democratic way. And it commits both governments to facilitating that if at any time in the future a majority of the people of Northern Ireland conclude that they want to join a united Ireland. It should be up to the people of Northern Ireland to decide how they want to live their lives. If Americans believe anything, do we not believe in the right of self-determination? Do we not believe in the right of each individual to decide his or her future and each society to decide its own future?

—George Mitchell, in a speech to the National Press Club.

A Military Strike Will Teach Rogue India a Lesson

By Benazir Bhutto

DUBAI — While the world slept, India detonated a series of nuclear tests signaling its determination to threaten the entire nonproliferation regime in the region. That India chose to detonate nuclear devices before President Bill Clinton's visit this November to South Asia showed its defiance of world opinion in the age of Pax Americana.

The post-Cold War global regime has been predicated on the free flow of information and technology. This, we believed, was a world of markets, not missiles. However, India chose to gamble more than \$30 billion of foreign investments on a series of tests that have united the nation behind its weak coalition government.

The Indian explosion is a direct challenge to the American-led efforts to arrive at a Comprehensive Test Ban Treaty and at a regime to control weapons of mass destruction.

To Pakistan, which suffered disintegration at the hands of India in 1971, it is a clear warning to desist from its support to the people of Jammu and Kashmir at the insistence of a nuclear India. China, surely, is uneasy, too.

As prime minister of Pakistan, I tried to convince Western leaders for more

than a decade that, in the absence of Western mediation, South Asia was plunging headlong into a proliferation race that Pakistan did not want and sought to prevent. I stressed that the 50-year-old dispute over Kashmir, where an uprising had tied down 600,000 Indian troops, was leading to a dangerous flashpoint in South Asia. Alas, my pleadings failed to convince a Western world preoccupied with the Mideast peace talks, and the bloodshed in Bosnia, Rwanda and other parts of the world.

Western leaders believed, and told me so, that they preferred India and Pakistan to deal bilaterally with the dispute that threatened a nuclear race. This was a strategic error. It paved the way for India to come out openly as a nuclear power.

What is the Pakistani reaction? Pakistanis believe that the West will impose sanctions for some time but will ultimately acquiesce to India as a nuclear power. After a decade, the West will reward India, as a nuclear power, with a seat in the UN Security Council along with other members of the nuclear club.

Two years ago, when the Chinese and the French tested nuclear devices against the backdrop of the test-ban treaty talks, I received disturbing reports as prime minister. These reports indicated that a frustrated Indian military wanted to force Pakistan's nuclear hand before making a decision on a military solution of the Jammu and Kashmir dispute. A segment of the Indian military doubted whether Pakistan had nuclear capability or was bluffing to create a nuclear deterrence that did not exist. An Indian explosion, they believed, would force Pakistan to come into the open. If Pakistan did not have a nuclear capability, India could consider a military solution of the Kashmir dispute.

Pakistan had not actually put together a device, although it could do so, as a signal to the West of its support to a nonproliferation regime unless its security was threatened. An Indian detonation, our experts believed, would threaten Pakistan's security unless we could create an equilibrium through deterrence.

Pakistan decided to open the option of a test by making the necessary preparations to respond with a nuclear test of its own within 30 days unless the

West showed the will to stop India in its nuclear tracks.

Pakistan also decided that, if it was forced to detonate, it would follow up with a unilateral signing of the international agreements aimed at controlling weapons of mass destruction.

This is surely a nightmare situation for the West. What can the West do? Doling out military and economic assistance can shore up Pakistan's security for a decade. But as Pakistan learned in the aftermath of the Soviet occupation of Afghanistan, not more. Nor can a West that failed to prevent the Indian test guarantee that a weak Indian coalition government rashly seeking popular support would not equally rashly seek a nuclear war in South Asia.

I am not a military expert. But I believe sanctions are not simply enough. Rogue nations that defy world opinion ought to be taught a lesson. If a pre-emptive military strike is possible to neutralize India's nuclear capability, that is the response that is necessary.

The writer is leader of the opposition in Pakistan. She contributed this comment to Global Viewpoint (Los Angeles Times Syndicate).

The West Drove India Down the Nuclear Road

By A.M. Rosenthal

NEW YORK — The decision was made by India, and India will pay the economic price. But Americans should understand that it was the West, particularly the United States, that built the policy road leading to the Indian underground explosions.

The utter shock in Washington shows more than an intelligence failure. It shows attitudes about India are the same Western must of arrogance, ignorance and cooption that they have been for the half century since Indian independence.

Just as plainly it shows the danger of the new ingredient that President Bill Clinton added — the drive to make China the partner of America in the last years of this century and all the next, partnering in trade, technology, honing the capabilities of Chinese armed forces, and in security strategy that will affect all Asia and the Pacific.

Think of yourself as Indian, one of the millions who de-

lightedly approve of the nuclear tests that put such a startled face on Washington.

Look around Pakistan on the border, created by the 1947 partition, is almost entirely Muslim, about 132 million. India has about 850 million Hindus and 120 million Muslims. India has been historically democratic since independence, and Pakistan basically authoritarian.

Since partition, three wars have been fought between them. Another is possible any time — over India's possession of Muslim Kashmir, or religious massacres in either country, or suspicion so deep they heed for it.

Both have nuclear-weapon capacity and ever submitted to co-testing demands from nuclear powers finished with all the tests they needed.

Washington lectures us: Parity should exist between India and Pakistan. Are we

our most dangerous opponent. But listen to Mr. Clinton talk of his priority — American democracy and Chinese dictatorship knitting together in trade and security strategy.

What strategy? Was India consulted, even thought about?

I lived four years in India as a correspondent. Washington's policy was a little pat on the head, or a scolding finger — and still is.

I wish the tests had not been made. They will burden India's economy — more arms, few foreign loans, less investment, much denunciation.

The nationalist party heading the coalition government runs counter to my hopes for India.

It is xenophobic about foreign investment, has a history of Muslim-baiting and maintains extremist Hindu branches, including one headed by a Bombay natty who admires Hitler.

Indians say that as a member

of a shaky coalition that depends on centrists, the party is more moderate. We shall see.

Certainly, Prime Minister Atal Bihari Vajpayee has domestic political motives — strengthening his party so that he does not wake up thrown out by Parliament. But I think he had more objectives for the tests. Gaining prestige among Third World powers was one. Another was to shout into the American ear: "Look at us, speak to us, we are India."

Is Mr. Clinton wise or brave enough to reconsider his frantic pursuit of China and the money U.S. businesses hope Beijing will pour over them?

Well, at least he can get the shock off his face about Indian independence of action, the mark out of his mind; it's about time.

Ordinary Indians do have hopes and fears about their country. They are not in a silence mood. The head-patting decades are over.

The New York Times.

The Numbers Come Out of a Hat — Israel Needs Guarantees

By Charles Krauthammer

WASHINGTON — When Secretary of State Madeleine Albright and her "peace team" went to London last week to negotiate territorial withdrawals with Prime Minister Benjamin Netanyahu of Israel, the Israelis came to the meetings with maps. The State Department came with a number.

The Israelis showed which hill here and which ridge there they could safely afford to give up. Added up, it came to 9 percent of the West Bank. The U.S. side said it must be 13.1 percent.

The relation of the latter number to anything in the real world is purely coincidental. It was picked because the Palestinian leader Yasser Arafat

already has 26.9 percent of the territories, and 13.1 would produce a nice round number: 40.0. (And the State Department accuses Mr. Netanyahu of lacking seriousness in these talks.)

But even more significant than the absurd arbitrariness of this number is its very existence. Under the Oslo accords, these interim "further redeployments" are left to Israel's discretion, unlike the "final status" talks at which Israel and the Palestinians will together negotiate their final borders.

Indeed, just 16 months ago the Clinton administration reaffirmed this principle. At 11 P.M.

on Jan. 15, 1997, as Mr. Netanyahu's cabinet was agonizing over the proposed withdrawal from Hebron, it received an urgent memo from the U.S. ambassador to Israel, Martin Indyk, stating the official U.S. position that "further redeployment phases are issues for implementation by Israel rather than issues for negotiation with the Palestinians. The letters of assurance which Secretary Christopher intends to provide to both parties also refer to the process of further redeployments as an Israeli responsibility."

Sixteen months later in London, Mrs. Albright tells Israel

that its 9 percent is so good. The withdrawal must be 13.1 percent — or else she walks away. She gives Mr. Netanyahu three days to give his answer. He tells her: "I don't need three days. The answer is no."

So now we have a crisis. And though it was manufactured by the State Department to put pressure on Mr. Netanyahu, it reveals instead a crisis of credibility for the Clinton administration: How can Israel make ever-more dangerous concessions to the Palestinians when the American assurances it receives to offset those concessions are so perishable?

In Washington, Mrs. Albright gave a hastily arranged speech to explain her position. Its essential, tendentious theme was that all of the problems in the peace process are traceable to Mr. Netanyahu. Everything has gone to pieces, she averred, "in just two years." You don't need to be a CIA code-breaker to understand what that means: Mr. Netanyahu was elected two years ago.

The historic Hebron withdrawal in which Mr. Netanyahu single-handedly brought Likud and the Israeli right into the land-for-peace Oslo process received nary a word. That is because the only praise offered in her speech was reserved for Mr. Arafat.

Mrs. Albright credits him for making "substantial changes in his negotiating position." He had wanted a 30 percent Israeli withdrawal but was willing to accept 13.1. But the U.S. po-

sition is that under the Oslo accords Mr. Arafat has no say one way or the other in the size of these withdrawals. He picked 30 percent out of a hat. It appears nowhere anywhere. He could have picked 60 percent.

But Mrs. Albright did not just praise Mr. Arafat for changing his negotiating position on an issue that Washington has declared is not his to negotiate. She also studiously omitted any reference to the solemn commitments that Mr. Arafat made in previous negotiations and has systematically violated. He has not changed the Palestinian charter calling for Israel's destruction; he has refused to extradite terrorists; he has built an army more than twice the size that Oslo permits; his Palestinian Authority conducts a vile media campaign of anti-Semitic and anti-Israel incitement. The list is long. On all these, utter silence.

However this crisis ends, Israel needs a U.S. assurance that after this, it will not be browbeaten yet again over yet another interim redeployment — that this 9 or 11 or 13 percent withdrawal is the very last until Israel and the Palestinians determine in "final status" talks the permanent frontier between them.

The assurance is needed. But the question remains: Are the assurances this administration gives as Israel is in life-and-death negotiations worth the paper they are written on?

Washington Post Writers Group

Balancing Trade and Sea Turtles

By Kathryn S. Fuller

WASHINGTON — A recent ruling by the World Trade Organization striking down U.S. legal protections for endangered sea turtles is a powerful reminder how intertwined trade and environmental policies have become. The ruling is also an indication that the WTO, an institution whose primary mission is free trade, may be the wrong forum for resolving trade-environment conflicts when they arise.

Sea turtles are an internationally protected species, endangered around the world from habitat loss and demand for their decorative shell. They became an international trade issue with the advent of mechanized shrimp trawling, which by 1990 caused more than 100,000 adult turtles to drown each year in nets — a rate higher than from all other human causes combined.

The loss of these animals, it turned out, was easily prevented. A simple metal grid, called a turtle excluder device, proved effective in keeping turtles from becoming entangled in shrimp nets. Turtle excluders were inexpensive, easy to install and, with design improvements, became standard practice in more than a dozen countries.

The United States began requiring its domestic shrimp industry to use turtle excluders in the late 1980s. When it applied an identical standard to countries selling shrimp in U.S. markets, four Asian countries filed a complaint before the WTO. Malaysia, Thailand, India and Pakistan claimed the requirement deprived them of market access guaranteed under most-favored-nation status.

In a recent dispute ruling, the WTO agreed. It held that conditioning market access on use of turtle excluders constituted an unfair trade practice, despite WTO rules that allow exceptions for protection of animal life and exhaustible natural resources. Absent a successful appeal, the U.S. must reopen its markets to shrimp whose capture kills sea turtles, or risk fines and countervailing duties.

The WTO's decision on sea turtles is the latest in a series of trade rulings that have held squarely against environmental safeguards. Unlike earlier disputes over laws for dolphin-safe tuna and reformulated gasoline, however, there has been no claim here of "green protectionism" or of expensive, impractical solutions being unfairly imposed on developing countries.

To the contrary, turtle excluder devices can be installed for as little as \$100 a boat. The United

States government, moreover, has provided the devices directly through its aid programs, and U.S. corporations that trade in shrimp have offered them free of charge to their suppliers — including those in the four countries that filed the complaint.

Linking market access to use of turtle excluders is an effort to promote market distinctions among goods based on the environmental impacts of their production. Similar rules could, for example, also limit timber imports to sustainably managed sources while barring those from clear-cut rain forests. As environmental harms increasingly are market-driven, and as markets globalize, it is crucial that international trade rules recognize such distinctions.

The WTO's reluctance to do so is rooted in its fear that environmental standards could easily spawn an unmanageable number of new barriers to trade. While this is not an idle concern, it is also true that our trading system must find ways to operate within environmental limits. Striking the right balance will not be easy, but the sea turtle ruling, which seems to discount environmental concerns, has not moved us in the right direction.

The decision underscores the need for basic changes in how trade and environment conflicts are resolved. Under the current system, the WTO acts as a judge in disputes in which it has a clear institutional bias. The results have been sharply one-sided. Neither the WTO, nor its predecessor, the GATT, has ever upheld a trade restriction based on an environmental concern. Future trade-environment conflicts should be referred to a neutral tribunal.

Absent an impartial tribunal, environmental laws face continued erosion, and the WTO, further loss of credibility. With a view to this risk, the chief trade negotiator for the European Union, Sir Leon Brittan, called recently for a high-level meeting to find more credible ways of balancing trade and environment imperatives. A ministerial trade conference in Geneva that opens Monday presents that opportunity. Governments meeting there should establish an alternative forum, one which will ensure that the benefits of free trade do not come at environmental expense.

The writer is president of World Wildlife Fund in the United States. She contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Japan's Protest

ST. PETERSBURG — The report that the United States, after the brilliant victory over the Spanish fleet at Manila, intend to seize the Philippine Islands, has given umbrage to Japan, which means to protest vigorously against such a measure. The Government of the Mikado has already addressed itself to the Russian Cabinet, from which it seeks countenance in this step. It is believed that not only Russia, but also France and Germany, will decline to allow the United States to occupy these islands.

1923: Bulgaria's Labor

PARIS — [The Herald says in an Editorial:] Bulgaria mobilized her labor three years ago. All Bulgarian subjects were subject to compulsory labor. The Government emphasized the fact that the venture was not communistic. Bulgaria is only

forty-five years a nation, and the people realize the urgent necessity of industrial development. The willingness of the people to solve their national problems by hard work resulted greatly to their advantage. It was an important fact in the provisional reduction by the Allies of Bulgaria's reparation charges.

1948: Arab Attack

TEL AVIV — The newly-declared Jewish State of Israel was invaded today [May 15] from north and south, shelled from the east and bombed and machine-gunned from the air. Haganah, now the Jewish Army, said that Lebanese regular army forces attacked across the border from the north, regular Egyptian forces drove into the Negev in an attack on at least one Jewish settlement and Transjordan's Arab legion was shelling three eastern settlements along the Jordan Valley border.

Herald Tribune

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MAY '68 / A SPECIAL REPORT

It Was Child's Play to Seize and Barricade the Latin Quarter

THE FIRST surprise was how easy it was for the students to take charge without adult approval: buildings, then streets, finally the Latin Quarter, together with schools and factories across the country. Paris street skirmishing erupted May 3, a Friday and two days after the trade unions' traditional May Day parade. The flash point occurred the following Friday, May 10, the night of the barricades. Students fought riot police for 12 hours in the Rue Gay Lussac and nearly 1,500 people were hurt, a third of them seriously. Of these, 250 were policemen. When the police retreated, the barricades were still there.

Workers' unions, although suspicious of student adventures, felt compelled to call for a general strike. In rapid order, industries and government services halted because student-sparked sit-ins paralyzed offices and factories. By Friday, May 24, the government was on the run and President de Gaulle made things worse with a poor speech that was a barely disguised attempt to launch a presidential plebiscite, a traditional tactic for French leaders. This time it backfired.

"Paris Explodes Into the Worst Violence Yet," said the headline above a report that student power had broken the will of the police. It had taken only three weeks for a passage to the new commune of Paris — the moment of liberation, political and personal, at the heart of the enduring mystique of May '68.

It was so easy partly because the

students were prepared. Revolution was the basic French tool of social change, the students believed, the only way for popular resistance to overturn oppression. Organizing cells and daily political guidance, mimeographing tracts and pasting up posters — these drills were second nature to many students. Leftists had relegated women to the "rank and file cabinets," in a famous phrase of the time. But that role did not keep this generation — which had not yet signed on for the first wave of women's liberation — from flocking unquestioningly to a street war that justified battlefield romance.

This generation enjoyed special advantages. A slightly older group of radicals in Strasbourg, known as the Situationists, had studied the conditions for a postmodern revolution that would seize power by outwitting the authorities, not by force of arms in the Leninist way. The goal for society became "autonomy," in other words, total liberation from old hierarchical organization in a society humanly mature and technologically sophisticated enough for people to handle their own actions responsibly. Class struggle existed only for those too dumb to understand the new world, and the new revolution needed no vanguard party to enforce discipline and dictatorship. Instead of the classic system of marshals to keep order in demonstrations, leaders used hushhanded to say, "You are in charge of yourselves; let no one prevent you from doing that."

Much of the originality of the May revolt — the emphasis on self-criticism to achieve authenticity, the idea that revolution and daily life should be strongly guided by a sense of fun and play, the slogans that politicized even daily actions — seemed at first to be spontaneous, part of the genius of revolution. In fact, these formulas had been brilliantly honed in advance by the Situationists, who then fed them into the unfolding mass psychodrama. Certainly they helped animate and punctuate the revolutionary days on the Left Bank. Artistic collectives, including the liberated Ecole des Beaux Arts hard by the Seine, churned out witty graphics. Some designated targets: "State radio thinks for you" was a cue to march on broadcasting headquarters. Some orchestrated morale: A poster showed de Gaulle's head and the words "With me, the deluge."

ANOTHER SPECIAL advantage was the existence of Nanterre University, an unfashioned institution on the western edge of Paris. It had a young, leftist and activist faculty teaching both working-class students and many from a posh Paris neighborhood who, by an accident of geography, were assigned to Nanterre. Their social backgrounds gave these students enough poise to be comfortable as they defied their elders. Their inspiring leader was a 22-year-old graduate student, a red-haired German Jew, Daniel Cohn-Bendit. Not just a

gifted revolutionary strategist and organizer, he was also a great debater who quickly emerged as the main spokesman of students when they took over the Sorbonne, the venerable main building of the University of Paris in the Latin Quarter.

It was easy because the older French deferred so fast to youth. The philosopher Jean-Paul Sartre performed self-criticism in the Sorbonne in front of shouting students like a mandarin dragged before Mao's Cultural Revolution. The renowned actor Jean-Louis Barrault, his Odéon Theater occupied by students, embraced the revolution, declaring that "Barrault is dead."

With this setting, the students knew their parts instinctively. "The new citizens are ranged up the walls of the amphitheaters night and day like their forebears on the revolutionary tribunals during the Reign of Terror," wrote the Herald Tribune's reporter, accurately catching the way in which the students, while breaking political ground, often felt more comfortable taking over roles from the French Revolution.

Even the streets of the Left Bank resembled the familiar painted images of revolutionary Paris in 1848 and during the Commune in 1871. At the corners of narrow, twisting Latin Quarter thoroughfares, stop signs could be snapped off — satisfyingly symbolic work — and used as levers to pry up iron grates and the cobblestones of the streets. Every evening brought the clicking sound of these stones being

chucked together to build breast-high barricades, slippery for the charging police to climb, especially under a hail of ball-bearings. Eventually, there was enough rubble, including charred cars, to block the Boulevard Saint-Germain.

The students rarely ventured successfully outside the Latin Quarter. In more modern parts of the city, Baron Haussmann, the urban planner of Napoleon III, had made the streets too wide to barricade easily and had spread asphalt over the paving stones.

IT HARDLY mattered because the students could reach the world with new technology. Transistor radios, carried in pockets and handbags, ushered in the age of continuous broadcasts of live news coverage. The impact on the student revolt was tangible. A legal loophole allowed semiprivate radio stations such as Europe No. 1 to gather information in a Paris street, relay the transmission to its legal domicile in, say, Luxembourg, and from there broadcast it to listeners in Paris. The government's radio monopoly had been overtaken so fast that officials did not comprehend the change. As they negotiated with Cohn-Bendit, their stiff rhetoric and his cheeky defiance were heard all over the world. Nor did they realize that radio accounts of police movements were being used by students to figure out which areas were free for barricades.

The nightly ritual lasted for nearly a month, with a rhythm that captured an international audience. Chanting defi-

ance, the students would hold out for hours, with white zinc-oxide paste smeared under their eyes to resist the tear gas that was occasionally fired from police lines with a loud pop. When club-swinging policemen charged, the students would finally scatter, shouting defiance. The students saw themselves revolting against a stifling occupation, the old-fashioned social and economic system of France. Their charm was that to become a revolutionary you had only to say you were. Students fleeing from police sweeps entered apartment buildings (concierges no longer bothered to lock the outer doors) and pounded on doors, pleading to be let in. Often they were hidden by middle-class couples who, instead of being horrified, wanted to talk about this utopia on offer.

Foreigners flocked to the movement. Many were radicalized by the police, who were quick to club any foreigner they grabbed in the street and often to deport him. In contrast, the students welcomed newcomers from anywhere to the vanguard of the movement. Cohn-Bendit, arrested and deported, slipped back into France, unmistakable even with his hair dyed black, to a welcoming chorus of "We are all German Jews."

This openness toward outsiders was part of the students' idealism, their disdain for Leninist conspiracy and paranoia. As far as the students were concerned, this was not a revolution to change the class system someday. This was a revolution to change life now.

— JOSEPH FITCHETT

PARIS, SATURDAY - SUNDAY MAY 25 - 26, 1968

Paris Explodes Into the Worst Violence Yet Following Plea by De Gaulle on Referendum



RIOT CASUALTY—After being beaten by riot police, a demonstrator is hauled away.

Barricades Set Up in Other Cities

By James Goldborough
PARIS, Saturday, May 25.—The young people of Paris brutally rejected President Charles de Gaulle's offer last night and began to destroy parts of the city in the worst outbreak of violence yet.

Throughout France, other youths, students, workers and farmers were holding protest demonstrations and marches—some peaceful, others ending, as in Paris, in sharp, bloody fighting.

The Paris demonstrators rejected the President's offer of an overhaul of the university system and sent unruly mobs rampaging through French streets.

Even the student leaders, who had called yesterday's demonstration, admitted the situation was hopeless this morning. It was mob rule by the thousands, and as police stood at the periphery of the Latin Quarter, and looked on powerles, the mob tore up the streets, felled trees, erected barricades and began to set them on fire.

Only the fire trucks that were allowed to pass kept the flames from engulfing buildings and stores. By early this morning the devastation of the Rue Gay-Lussac, two weeks ago had been visited to the main thoroughfare of the district.

No one could say at what point the student demonstration of yesterday had become the mob destruction of today. It came slowly, but it grew and by the early morning hours, there was little semblance of the student order that prevailed even during the worst of the earlier riots.

Avoid Charges
Through it all the police stayed back to avoid the flames charged that would have trampled the thousands of demonstrators and onlookers underfoot.

The question to the Latin Quarter was—when will they charge? In rioting Thursday night and yesterday morning it was the fires and the barricades that eventually brought the police charges, and the rioting that seemed insufficient to provoke an assault.

It appeared to be a calculated risk: Better to let them destroy parts of the city than have the rioting continue all night after night with the demonstrators charging police hardly more than wooden hurdles compared to what they built this

FOR nearly thirty years, events have imposed upon me . . . the duty of making our country assume its own destiny. . . . I am ready again this time, but this time again, and above all this time, I need—yes, I need—the French people to say that they want it.



Says He Will Quit Office If He Loses

By Ronald Koven
PARIS, May 24.—President Charles de Gaulle today offered France a choice between himself and the Communist party in a referendum on "a mandate for renovation."

In a long-awaited address to the nation, Gen. de Gaulle said he would resign if the majority of the French people answered no.

He stressed, however, that a majority of noes could mean "civil war," and "the most odious and the most ruinous adventures and usurpations."

It was clear that he was talking about the Communists when he said that for 30 years he had taken in hand the destiny of France "to prevent certain people from taking it over against its will."

Despite a vigorous, self-controlled and theatrical delivery, his self-assurance seemed to be missing. For perhaps the first time, he gave the impression that he was unsure that his call would be heard.

Aware of Crisis
Although he blamed the origin of the troubles almost exclusively on the "impotence" of those who run French universities, he did show that he recognizes the full extent of the national crisis France faces.

France is "on the brink of paralysis" caused by "a tide of disorders, surrenders or work stoppages." All of this shows the need, he said, for "a mutation of our society," the "mutation" he offered was "a broader participation by everyone in the working and the outcome of the activity in which he is directly involved."

This plan to alter the "narrow and obsolete structures" of French society "wherever necessary" will be put in a vote in June, he said.

For the immediate future, he said, the government is prepared to make the contacts necessary for the country's life to resume. Prime Minister Georges Pompidou announced earlier in the day that he is ready to meet the major labor unions and the Patronat, the national organization of big French business, to a round table summit attempt to turn the public anger.

(Continued on Page 3, Col. 2)

Gen. de Gaulle's Address

EVERYONE obviously understands the significance of current events—university events and then social events. One can see in them all the signs which demonstrate the necessity of a mutation in our society, a mutation which must involve the broader participation by everyone in the working and the outcome of the activity in which he is directly involved.

Of course in the disturbed situation of today, the first duty of the state must be to ensure, in spite of everything, the elementary life of the country as well as public order. This is being done. Its duty is also to help a return to order by making the contacts which can facilitate this. It is ready. So much for the present.

But then, there are without any doubt structures to be modified. In other words, there are reforms to be made, for in the immense political, economic and social transformation which France is accomplishing in our time. Even if many internal and external obstacles have already been overcome, there are still others barring the way in progress.

Profound troubles come from this, particularly among the youth who are concerned with their own role and whom, too often, the future worries.

THAT is why the university crisis, a crisis provoked by the impotence of this great body to adapt to the modern necessities of the nation and at the same time to the role and the employment of the young, unleashed by contagion in many other areas a tide of disorders, surrenders, or work stoppages.

The result is that our country finds itself on the brink of paralysis. Before ourselves and before the world, it is a question for us, Frenchmen, to settle an essential problem which our pages in unison we are to tumble down, through civil war, into the most odious and most ruinous adventures and usurpations.

For almost 30 years now, events have imposed on me, on several occasions, the duty of making our country assume its own

destiny in order to prevent certain people taking it over against its will. I am ready again this time, but this time again, and above all this time, I need, yes, I need—the French people to say that they want it.

AND indeed our constitution wisely foresees the way in which they can do so. It is the most direct and democratic way possible, that of the referendum.

Taking into account the very exceptional situation in which we are now, I have therefore decided on the tabular proposal, to submit to national suffrage a draft law by which I shall ask the people in give the state, and in the first place its chief, a mandate for renewal.

Resound the university, not by following its centuries-old traditions but according to the real needs of the country's evolution and the effective outlets in a modern society for young students.

Adapt our economy, not in this or that category of particular interests but to the national and international necessities of present times, in improving the living and working conditions of the state of public services and private business, to organizing their participation in professional responsibilities, in developing the training of the young, in ensuring their employment, to putting into action industrial and agricultural activities within the framework of our regions—such is the aim which the whole nation must set itself.

Frenchmen, Frenchwomen, in the month of June you will be called upon to express your opinion in a vote. In the case of your answer being "no," it goes without saying that I would no longer stay in office. If you express your confidence to me by a massive "yes," I shall undertake with the authorities and, I hope, the contribution of all those who want to serve the common interest, to make changes wherever necessary in the narrow and obsolete structures and in open the way more widely to the new blood of France.

Long live the republic! Long live France!

The students were still there, but dozens of fires broke out and were

breaking streets and only (Continued on Page 3, Col. 4)

Mr. Cohn-Bendit, nicknamed Danny the Red, was allowed to enter France but only a few miles in Forbach to obtain from the Prefect of the Moselle Department the order against his entry. Contrary to a previous comment, only two of his friends were permitted to accompany him to the French border town.

"Espel Fouche!" Mr. Cohn-Bendit returned to the West German side of the border in a French police car after an hour and told his cheering friends that he had refused to sign the expulsion order against him.

Mr. Cohn-Bendit, 23, who has lived most of his life in France, reported he had been "well received" by the French official, whom he told that "I reject both

Cohn-Bendit Enters France, But Is Sent Back to Germany

By Hans Stueck
SAARBRUECKEN, West Germany, May 24 (NYT)—Waving red flags and shouting "Down with de Gaulle" about 800 West German leftist students escorted militant French student leader Daniel Cohn-Bendit to the French border here today to probe the seriousness of the French government's expulsion order against him.

There were more onlookers than students when Mr. Cohn-Bendit and nine fellow students were let through a West German police cordon, to talk in French border police at the "Goldene Bremm" frontier post about three miles from Saarbruecken.

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Army Games Of Reds Set On Czech Soil

By Tad Szulc
PRAGUE, May 24 (NYT)—The armed forces of the Warsaw Pact alliance will hold "joint command staff exercises" on Czechoslovak and Polish territories next month, Czechoslovakia announced tonight.

The statement, distributed by the CTR news agency, said the exercises would be under the command of Soviet Marshal Ivan I. Yakubovskiy, commander in chief of the Warsaw Pact forces, which is the military alliance of the Communist states.

While Czechoslovak Defense Minister Gen. Martin Dzur had announced last May 4 that Warsaw Pact "staff exercises" would be held in Czechoslovakia later this year, tonight's statement that the maneuvers would begin within a few weeks seemed to indicate a concession on the part of the Prague government from Soviet pressure.

Czechoslovakia had successfully resisted proposals from Moscow and its Communist neighbors to allow the stationing of 11,000 Soviet "special forces" in western Bohemia and to agree to the creation of a

(Continued on Page 2, Col. 6)

Hanoi Joins Paris Delegate In Dual Assault Against U.S.

By Stanley Karnow
PARIS, May 24 (UPI)—North Vietnam escalated its rhetorical offensive against the United States today, coupling a propaganda assault from Hanoi with a broadside from the Communist envoys here against Ambassador Averell Harriman's delegation.

The Paris attack unleashed at a press conference this afternoon by the Communist spokesman, Nguyen Thanh Le, accused the American officials of "speaking abundantly of peace" as "Washington intensifies the war to North and South Vietnam."

At the same time, in an editorial monitored here today, Hanoi's official daily "Nhan Dan" warned that the United States would "bear full responsibility" if it continues "to remain obdurate and hinder progress" in the Paris talks.

But neither the statements issued here or in Hanoi threatened a break in the current negotiations should the United States refuse to ease "unconditionally and immediately" its bombing of North Vietnam.

On the contrary, the Communist spokesman here sidestepped a reporter's question asking if the North Vietnamese would "certainly

break off the talks if their demands are ignored. In his reply, the spokesman repeated his familiar line that Washington would be to blame for a failure.

The increased Communist verbiage appeared to reinforce the view among analysts that Hanoi is purposely moving slowly in the expectation that the military and political situation to South Vietnam, as well as the American election campaign, may develop to its favor.

Informed sources indicate that the Communists have been building up their forces to the highlands and northernmost provinces of South Vietnam while spearheading attacks on the cities of Saigon and Hue.

Ranking members of the American delegation assert that the flow of Communist troops and supplies into the South has been "very heavy" since March 31, when President Johnson ordered a limit on the bombing of North Vietnam.

Specialists here also submit that the Communists, in addition to efforts to improve their military position, are probably tailoring their diplomatic tactics to the evolution of the American political campaign.

One source familiar with them suggests that Hanoi may await the outcome of the Democratic and Republican conventions before making a major diplomatic gesture.

The Communists would rather negotiate with Mr. Johnson than Vice-President Humphrey or Richard Nixon, but might prefer to wait until January 11, when Robert F. Kennedy and Gov. Nelson Rockefeller win the nomination.

Apparently in no hurry, therefore, the North Vietnamese are thought to be preparing to keep working time in Paris, heeding to their assistance on an unconditional U.S. bombing halt while hearing the "no-warrior and peace" of the Johnson administration.

First Riot Death: A Lyons Police Commissioner

LYONS, Saturday, May 25 (Special).—The first death in the current French rioting occurred here early today when a police commissioner was crushed by a truck released by demonstrators.

The commissioner, identified only as Mr. Lacroix, was knocked down by the truck, loaded down with paving stones which the demonstrators had ripped up from the street to build barricades.

The demonstrators edged the heavy truck from behind a barricade and pushed it toward the police.

Earlier in the evening another police commissioner, Mr. Trojani, had his skull fractured by a flying paving stone at almost the same spot where Commissioner Lacroix was killed.

Commissioner Trojani was taken to the hospital in grave condition.

Leaders of the French student unions were told municipal authorities that they could not control the demonstrations and that the leaders of the rioting were unknown to them.

The number of injured in the Lyons rioting was estimated at about 100. All the ambulances in the area were pressed into service.



IN FRANCE BRIEFLY—Daniel Cohn-Bendit, student leader hauled from France, sits on desk in French border post in Forbach after coming into country from Germany. He was quickly returned to Bonn authorities.

Single Red Rocket Wrecks 100 Copters and HQ Camp

SAIGON, May 24 (UPI)—U.S. Marines caught 1,000 North Vietnamese crossing into South Vietnam and killed at least 100 of them in a bloody battle, U.S. spokesmen said today. But a few miles away a single enemy rocket was disclosed to have wrecked

to the 1st Cavalry helicopter unit. The main ammunition dump went up with a roar that could be heard at Phu Bo, five miles to the south. Military sources said more than 100 helicopters, most of them Huey gunships and troop-carrying choppers, were damaged. Thirty had been sent back to the United States.

But the
T
De Gaulle
Will Hold

backgrounds or their own, and printing banners for days and making other preparations for a "spontaneous" show of support for the government. The general's speech left the students indifferent since they were convinced that the army would split if ordered to fire on French civilians. De Gaulle also had his own organized units of strike-breakers and street fighters, left over from the Algerian war, but they were not needed this time.

The turnout on the Champs-Élysées, probably a million pro-government marchers, crystallized a new national mood. Trade union leaders got word that the rank and file were ready to accept the wage deal and get back to the job. Gaullism was saved.

In the Socialist opposition, Pierre-Mendes-France, the grand old man of the non-Communist left, was so concerned about the risk of civil war that he hesitated, thus losing out to Francois Mitterrand, whom the students saw as a political adventurer trying to complete his shift from conservative to leftist.

On June 3, the Monday after his supporters' massive turnout, de Gaulle claimed victory — prematurely, but triumphantly.

—JOSEPH FITCHETT

By Benjamin Welles

WASHINGTON, May 30 (OPT).—President Johnson said today that the United States is "very hopeful" that the leadership and people of France will bring about stability in that country.

Without mentioning French President Charles de Gaulle by name, Mr. Johnson noted at his press conference in Johnson City, Texas, that the "leadership" of France is

"taking certain steps and putting in motion certain actions."

Mr. Johnson referred cautiously to the developing crisis in France during a weekend visit to his ranch in Texas. His remarks among policy-making officials here. Despite the Memorial Day holiday, many spent several hours in their offices, and even when at home remained close to the telephone for the latest official news.

"I don't care to speculate on how successful those actions will be or what the outcome will be," Mr. Johnson remarked cautiously, "but I do know that it's very important to the American people and the rest of the world that we have stability in France, and we deeply regret the problems that face the French people."

The President's comment came as an oblique answer to a question about the stability of France and its possible impact on the U.S. dollar. Mr. Johnson gave no direct answer to the highly sensitive fiscal query but emphasized instead that he and his

have a serious effect on France but on the entire world," he said.

Mr. Johnson's guarded views of the French domestic crisis reflected the high-level feeling over the lack of U.S. official engage in public testimony with or criticism of the French leader.

"We didn't grumble publicly about de Gaulle when he was in office, said a 'qualified informant,' and we're not going to criticize him now when he has his hands full."

There was widespread surprise in the White House when Gen. de Gaulle's decision to remain in the presidency, to retain Premier Georges Pompidou as chief of government and to call for national elections.

His sudden and dramatic decision to stay, combined with reports that his cabinet officials were demonstrating a tough new confidence, was being taken here as proof that Gen. de Gaulle had withdrawn and recovered from his initial loss of confidence and secured forces proof of loyalty and continuing obedience.

BONN, May (AP)—The French Embassy in Bonn today confirmed that French border officials have orders to turn back West German youngsters trying to enter France.

The embassy statement reaffirmed the claim following a claim by the Franco-German Youth Exchange headquarters at nearby Bad Homburg that no entry restrictions had been ordered by the Paris Interior Ministry.

A French spokesman said buses and other vehicles with German students and other youngsters aboard were being turned away at the border.

It follows the clandestine return to France from West

In the End, a Triumph of Idealism but Not Much Changed

THE POLITICAL unspooling halted abruptly. When the "Police Clean Out the Sorbonne," as the Herald Tribune reported the event, it seemed little more than a spring chore that had been put off for a summer Sunday. Conservatives won an artificially overwhelming parliamentary election; the ballot box was so anti-climactic that young voters stayed away.

The political aftermath can be easily telescoped. At a deliberate pace, de Gaulle contrived an exit for himself, leaving the nation in the hands of a badly shaken Georges Pompidou. (The specter of authority's collapse and the corresponding need for government readiness to compromise also marked his youngest May lieutenant, notably Edouard Balladur, later to be prime minister, and Jacques Chirac, today the president.) Francois Mitterrand set about merging the disappointed youthful left of May and the old Socialist apparatus, a combination that ultimately brought the presidency to the left for the first time.

The students scattered, with the hard-line Maoists infiltrating farms and fac-

tories. A near-bankrupt watch company, Lipp, was taken over by employees who tried autogestion economics, but work-management only prolonged the corporate agony.

Most students moved on to other revolutions: the Palestinian cause, women's liberation, pop culture. They resurfaced for anniversaries.

In 1978, a sullen decade had left little to celebrate beyond the fact that France had largely escaped the terrorism that plagued Italy and West Germany. The May events, according to Liberation, the paper they spawned, demonstrated French willingness to give revolution a chance and amounted to a safety valve.

In 1988, overlapping the 20th anniversary of the French Revolution, the French were tempted to proclaim the soft landing of history into a permanent balance of left and right. President Mitterrand was about to be re-elected, proving that the left had been integrated into the political system.

Utterly unforeseen was the upheaval of economic globalization that would prove uncomfortably challenging for France as a nation, particularly because the new problems of technology and

competition seemed intractable to the limited political remedies that French governments were willing to try.

In 1998, that merry month of May so long ago is subject to a new revisionism. Today's radicals tout the conspiracy theory of a CIA campaign to oust de Gaulle, removing a thorn from the side of Washington and, in the longer run, speeding the liberalization of French society and the breakdown of the state needed to clear the way for globalism. Leaving out the CIA, whose involvement is unsubstantiated by any public evidence, French magazines have waxed ironic on the globalization theme, savoring the paradox that the May 1968 leftists may have made France safe for free markets and other international causes cherished by American conservatives.

THIS VIEW has a kernel of truth. May '68 did introduce a wave of cultural liberalism in the country that continues to expand, immeasurably accelerating the rate at which younger French people have shunned the intense national parochialism of previous generations. The generation of '68 also

hroke with the past in forging the new model of impatient, self-confident young person who has no hesitation in brushing aside conventional ways of doing things and creating new approaches from the first French cost-busting vacation-charter airline to Medecins Sans Frontieres, the voluntary organization of young physicians who defied political frontiers to take care wherever people needed it. Similarly, militants in 1968 such as the author Andre Glucksmann spearheaded the repudiation of Marxist dogma and Soviet totalitarianism that helped modernize France's intellectual landscape in the 1980s.

This kaleidoscope of images about 1968 and its significance highlights a major feature of the May revolution's nature, its protean capacity to mean different things, its defiant refusal to fit a simple explanation, the inability of anyone to seize and package the luminous moment when so many people seemed to glimpse and touch utopia. Partly because they believe so much in the value of the state, partly because they think so often of change in the form of revolution, the French can always find in the student revolt that May a

unique moment when the nation's cherished past fused with the constant hope for a less-burdened future.

CHARACTERISTICALLY, the one rethinking of 1968 that has never occurred in France is the condemnation that became so strong in the United States in the 1980s. Neoconservative movements, often led by converted radicals, have blamed the hedonism of young people involved in 1960s radicalism for subverting their ostensible purposes of social reform. Indeed, U.S. conservatives blame 1960s activists for contributing to a moral breakdown in the nation that has not been reversed.

No such defensiveness is detectable in France. Its intellectuals generally conclude that the upheaval was the last spasm of Marxism or any other revolutionary myth capable of inspiring utopian hopes for a whole generation. But the intellectuals do not concede that this apotheosis of individualism was a mistake. That helps explain why it remains such a powerful symbol in French history.

The worse damage done by May '68 was probably the government's tactics

of buying out social unrest, and on a massive scale. The wage increases worked, but they reinforced the French economy's cycle of inflation and devaluation that discouraged investment. Almost as a direct result, Paris embraced a policy in the mid-1970s in which the franc was pinned to the Deutsche mark. That has helped modernize the French economy, but at the price of embracing Germany's more conservative economic culture. At the same time, French governments still tend to buy social change rather than confront unions, apparently because officials still recall May '68 as a terrifying moment.

Is it really so that 1968 is history, with no future? There are grounds for doubt. If it is so elusive, so resistant to a simple explanation even now, it is perhaps because May '68 was the first revolution that was completely about the moment, about modern generations' ability to make revolution when most people—the grown-ups—were not really thinking or worrying about it. That new spontaneity, together with the extraordinary idealism of the student movement, has at least kept the door of history ajar.

—JOSEPH FITCHETT

PARIS, MONDAY JUNE 17, 1968



DWINDLING CLAN—Former U.S. Ambassador Joseph P. Kennedy, 79, who is partly paralyzed, and Sen. Edward M. Kennedy, sit with Mrs. Rose Kennedy beside the Kennedy cottage at Hyannis Port, Mass., on Saturday

On Robert's Death

Kennedys Thank the Nation For Sympathy It Offered

HYANNIS PORT, Mass., June 16 (UPI)—The brother and mother of Sen. Robert F. Kennedy thanked the nation yesterday for its sympathy and pledged to "carry out the principles for which Bobby stood."

In a statement taped for television on the front lawn of the home of former Ambassador Joseph P. Kennedy, Sen. Edward M. Kennedy said his brother's campaign colleagues "will have to decide in a private way" what to do in the future. "I know we shall choose wisely," he said.

The senator, who spoke first, said he hoped the "countless thousands" who had sent expressions of sympathy "can realize the strength and the hope that they have given to the members of the family during these last several days."

Elder Kennedy Mourns

Joseph Kennedy, 79-year-old former Ambassador in the Court of St. James's, sat in a wheelchair beside his wife and only surviving son, 36. The elder Kennedy, who suffered a stroke six and a half years ago, was visibly moved as his wife and son read their statements. Mrs. Kennedy's voice quavered several times as she read her statement.

Watching the taping out of camera range were several relatives, including John F. Kennedy, Jr. No newsmen were permitted to watch the taping.

In his statement, Sen. Kennedy said in part:

"This has not been the first tragedy that has afflicted my family and we pray that it is the last. But in each instance, in spite of a world of cruelty, we have been much more impressed with

shortly after they had finished speaking to the nation on TV to express their thanks for the "strength and hope" that Sen. Robert F. Kennedy's family drew from the nation's response to the senator's assassination.

A Split in Gun Lobby

Three Top Arms Makers Back Ban on Sale of Rifles by Mail

By John W. Finney

WASHINGTON, June 16 (UPI)—A split developed yesterday in the ranks of the gun lobby as three leading gun manufacturers came out in favor of a compromise version of the administration's gun control bill.

The three companies—Remington-Union City, Winchester and Savage—announced that they supported legislation banning the interstate mail order sale of rifles and shotguns, as proposed by the administration. But the manufacturers suggested that the administration approach be modified to give individual states the

right to exempt themselves from the prohibition on mail order sales. Their position, modifying their support of the administration's gun control bill, was announced in a statement issued jointly by R. H. Coleman, president and general manager of Remington Arms Co. Inc., Charles L. Dunstons, president of Savage Arms Division of Smith Corp., and William L. Wallace, vice-president of Olin Mathieson Chemical Corp. and general manager of its Winchester-Western Division.

The three companies announced that two other gun manufacturers—O. E. Moseberg and Sons Inc. and Ithaca Gun Co.—supported their position.

While qualified, the support of the nation's three leading manufacturers of sporting arms was regarded in the administration as further enhancing the brightening chances for gun control legislation in Congress. Partly because of the political impact of an outpouring of mail in favor of gun control, the prospects of congressional action have changed in the period of a week from one where no action seemed likely to one where the administration believes it has a better than 50-50 chance.

At meeting next Thursday, the House Judiciary Committee is expected to approve at least a modified version of the administration bill. Once the bill is cleared by the committee, administration officials foresee no insurmountable difficulties in pushing the legislation through the House.

In the Senate, where more opposition is expected, administration soundings indicate that around 40 to 50 senators—perhaps enough to secure passage—now are expected to support the administration bill.

Mike Mansfield, the Senate majority leader, in a statement issued yesterday, supported the firearms control bill introduced in the Senate on Wednesday by Sen. Joseph D. Tydings, D., Md.

In the new position, the gun industry partly concurs with the National Rifle Association, which this weekend was mailing letters to its one million members urging a mail campaign against the gun control bill pending in Congress.

While generally regarded as the leader of the gun lobby, the association

(Continued on Page 2, Col. 1)

Police Clean Out the Sorbonne; Brief, Sharp Street Fights Flare

A Stabbing Is Reason Given For the Move

By Ronald Koven

PARIS, June 16 (UPI)—Police ended the month-long student occupation of the Sorbonne today, evicting several hundred occupiers and clearing the Latin Quarter of thousands of protesting demonstrators and onlookers with tear gas and concussion grenades.

The government action seemed to bring the university crisis right back to where it was on May 3 when Sorbonne Rector Jean Roche called the police in to evacuate the university, touching off six weeks of intermittent rioting, a three-week general strike and a national crisis in which President Charles de Gaulle said he feared civil war.

The police takeover was in line with Prime Minister Georges Pompidou's pledge Friday in act with "more and more firmness." This attitude is apparently designed to reassure middle-class voters, a week before the National Assembly elections, that the government is back in control.

The takeover followed a similar operation Friday against the Odéon Theater under conditions strongly suggesting that the government wanted to move in on the Sorbonne. As thousands of police surrounded the Sorbonne today, Interior Ministry representatives entered after noon to ask for evacuation because they said they wanted to conduct an inquiry into the circumstances surrounding the hospitalization of a man with serious knife wounds who was transported from the Sorbonne infirmary.

An Interior Ministry communiqué gave the impression, without actually saying so, that he was wounded inside the Sorbonne. Medecins sans Frontieres volunteers at the infirmary said that the patient, Jacques Barthelemy, about 35, was struck on the chest several times with a knife late last night and that they sent him by ambulance to the Hotel-Dieu, the emergency hospital.

An element of mystery was introduced when the hospital authorities doled out receiving any patient by that name.

Ministry's Demands

Barely a half-hour after the request that the students evacuate the first of several Interior Ministry communiqués said the university would be returned to the students and teachers "in a few days," but that "it is understood that in the future it can no longer serve as an inn, a hotel or an infirmary."

Police Prefect Maurice Grimaud, who negotiated with the students for more than an hour, demanded that the Sorbonne be evacuated by nightfall and that, "for security reasons," it never again be occupied at night.

The students refused to leave, calling the hospitalization "a pretext" and the demand "a clear provocation." The main student group, the National Students Union (UNEF), called on its followers to mass around the Sorbonne to guard against a police takeover by force.

But the students were taken by surprise just before 6 p.m. when about 50 helmeted police slipped inside the Sorbonne and ordered them out. The students, including 136 UNEF stewards, left peacefully and with-

(Continued on Page 2, Col. 5)



SPARKS START FLYING—A policeman hurls a gas grenade during one of the brief but violent clashes with groups of students after the Sorbonne evacuation.

Salan, Argoud, 12 Others Freed by De Gaulle Regime

By Henry Tanner

PARIS, June 16 (UPI)—Raoul Salan, the former general and commander of a terrorist organization that tried to block Algerian independence by killing many Algerians and several French officers and officials, was freed from prison yesterday morning on orders from President Charles de Gaulle.

The sweeping measure of pardon also freed Antoine Argoud, a former colonel, and 12 other members of the Secret Army Organization.

Six of the men who gained their freedom had participated in three attempts on the President's life. In 1962 and 1964, after Salan and Argoud were already in jail. Another attempt on the President's life was made in 1967 when Salan headed the terrorist organization.

The move is regarded as being part of the Gaullists' systematic campaign to win the vote of the far right in the general election.

McCarthy to Visit Paris Next Month

By Henry Tanner

HELENA, Mont., June 16 (UPI)—Sen. Eugene J. McCarthy said here he would visit Paris next month to "look in on and personally evaluate progress, if any, in the Vietnam peace talks."

Sen. McCarthy, candidate for the Democratic presidential nomination, told reporters Friday night that he would go to Paris in the last two weeks of July.

At his trial, he assumed full responsibility for all the actions of the OAS. These actions included many assassinations and sabotage acts.

Instead of the death sentence demanded by the government, the military tribunal condemned Salan to life imprisonment. Gen. de Gaulle was described by intimates at the time as being outraged by the lenient verdict.

Salan was not always an anti-Gaullist. During the earlier Alger uprising, in May, 1958 he was the first leader to shout "Vive De Gaulle!"

But the two men fell out when Salan realized that the new head of the government was moving toward Algerian independence.

The best-known name in the ranks of pardoned members of the OAS today, except for Salan, was Michel Argoud, who was regarded as the intellectual leader of those affected in the French Army who chose to

Eisenhower Has Another Heart Attack

By Henry Tanner

WASHINGTON, June 16 (UPI)—Former President Dwight D. Eisenhower has suffered another heart attack at Walter Reed Army Hospital here, it was announced today.

The hospital said Gen. Eisenhower, 77, was stricken Sunday night and his present condition is stable.

An announcement from Walter Reed described it as a "coronary heart attack."

It was the fourth heart attack suffered by Gen. Eisenhower in 13 years and his second this year.

The former President was first stricken while in office in 1955, but the other attacks occurred after he left the White House.

He was stricken the third time on April 29 this year while holidaying at Palm Desert in Southern California and was then admitted to March Air Force Base Hospital.

After initial treatment there, he was flown to Walter Reed on May 14 in a jet airliner provided by President Johnson.

At midday today a source familiar with the case said doctors at attendance still were speaking of Gen. Eisenhower's condition as stable and reported he was resting comfortably, the Associated Press reported.

This source said that so far as he knew the doctors had not yet characterized the degree of the new attack—whether it was mild or something more serious. He said it is his understanding this might not be done for a day or so.

Risk in Hospital

WASHINGTON, June 16 (UPI)—Secretary of State Dean Rusk entered the hospital today with what appears to be a low-grade infection of the urinary tract, the State Department announced here.

It said Mr. Rusk was in Walter Reed Army Hospital to undergo tests for two or three days. No details were given.

Norman Thomas III

HUNTINGTON, N.Y., June 16 (UPI)—Socialist leader Norman Thomas, 82, was hospitalized today at Huntington Hospital, where a condition, the spokesman said, was not serious.

Thomas had suffered "an upset," but did not elaborate.

BOAC Pilots Strike To Force Pay Raise

LONDON, June 16 (Reuters)—A pilots' strike grounded British Overseas Airways Corp. flights from London today.

Midnight had been the pilot's deadline for a settlement of their pay demands. But it went by without a settlement.

When the talks broke down the pilots' chairman Capt. Ray Marshall, told newsmen: "The strike is definite." About 1,000 pilots in the French Army who chose to

Washington Seeks Restraint In Bonn Over Berlin Crisis

U.S. Fearful of Hurting Its Fateful Relations With West Germans

By Benjamin Welles

WASHINGTON, June 16 (UPI)—The United States was reportedly yesterday in a quiet struggle to get the West German government to play down the issue posed by East Germany's new restrictions on travel to and from West Berlin.

According to diplomatic sources, the United States now appears increasingly disinclined to risk hopes of improving its relations with the Soviet Union because of stiffened travel arrangements affecting travel across East Germany by West German citizens.

These restrictions are said to appear less serious now than when they were first made public three days ago. Moreover, the United States is said to feel that since only Germany is affected, the problem can best be handled between the two Germans and should not be allowed to escalate into a major East-West confrontation.

On Friday, according to State Department officials, Secretary of State Dean Rusk and officials of the British and French foreign offices pondered to representatives of the Soviet Union over the new East German travel restrictions.

This action by Mr. Rusk, however, was clearly intended to dampen any suggestion that the United States is "overreacting" to the Berlin issue, U.S. sources say.

Diplomatic informants with access to official U.S. thinking said that President Johnson and Mr. Rusk are anxious to promote closer relations with Moscow and are

West Germans Split On Tough Response

By Philip Shabecoff

BONN, June 16 (UPI)—A split has developed in the West German government on the kind of response that should be made to East Germany's latest squeeze on the West Berlin access routes, sources said today.

There is unanimity in Bonn that some form of reprisal must be made against the new East German rules, which include visa and passport requirements for West Berliners using the autobahn and a surtax on goods transported by West German and West Berlin carriers.

But some voices in the government are demanding tough action against the East Germans while others are urging a more cautious approach, warning that too strong a reaction could endanger Bonn's long-range program to reduce tensions in Central Europe.

Hard-liners were said to include some members of Chancellor Kurt Georg Kiesinger's Christian Democratic Union (CDU) and virtually all of the Christian Social Union, the Bavarian wing of the party.

SPD More Moderate

Several members of the Social Democratic party (SPD), partners in Bonn's coalition government, are said to be urging a more moderate response to East Germany.

The Foreign Ministry, headed by Willy Brandt, chairman of the SPD, reportedly is favoring the moderate approach.

In Berlin yesterday, Mr. Brandt declared that Bonn will seek a



CONVICTED—Dr. Benjamin Spock, left center, talks with newsmen outside federal court in Boston after his conviction of conspiracy with three others to

Clinton Get Economic Agreement With Japan

CURRENCY



Mr. Clinton drinking a pint Friday.

Clinton Gets Economic Agreement With Japan

By Alan Friedman
and Tom Burkle
International Herald Tribune

BIRMINGHAM, England — The United States and Japan reached agreement Friday on a package of measures to deregulate several important sectors of the Japanese economy and provide greater openings to foreign companies.

The agreement was announced by President Bill Clinton and Prime Minister Ryutaro Hashimoto before the start of the annual gathering of leaders from the Group of Seven industrial nations and Russia.

Mr. Clinton also praised Japan's recent 16 trillion-yen (\$120 billion) package of tax cuts and public spending, saying it was "significant and it will have a positive impact."

But Mr. Clinton urged Mr. Hashimoto to accompany the fiscal stimulus with banking reforms that will address the problem of non-performing loans that is hobbling banks and acting as a brake on the economy.

"We believe some steps will still have to be taken on the banking reform front," Mr. Clinton said. Mr. Hashimoto later promised his G-7 partners to take action on the loan problem.

The trade agreement was hailed by a senior U.S. official as worth "billions and billions of dollars" to American companies, and comes as the weak yen is worsening the U.S. trade deficit with Japan.

It covers telecommunications, pharmaceuticals and medical devices, financial services, housing and retailing.

Among the market-opening steps, Japan agreed to reduce connection charges on foreign telecommunications companies by the year 2000; to change housing codes to allow the use of more American lumber; to reduce from 18 months to 12 months the approval period for new drugs; and to make Japan's regulators more open to foreign clinical data.

Japan also agreed to abolish a law limiting large retail stores, a measure U.S. officials said would help American retailers expand in Japan.

Mr. Clinton and Mr. Hashimoto also announced a separate agreement to keep the fast-growing market for Internet commerce free of tax.

Meanwhile, the United States and Europe appeared to edge closer to resolving their most difficult trade dispute as French officials expressed optimism that the United States would lift the threat of trade sanctions against foreign companies that invest in Iran, Libya and Cuba.

Mr. Clinton discussed possible solutions to the long-running dispute over the Helms-Burton Act and the Iran-Libya Sanctions Act at a lunch with President Jacques Chirac before the G-7 meeting.

Several crucial details remain to be agreed, most notably the strength of guarantees that Washington will not impose sanctions against European companies in the future, officials said.

James Rubin, the State Department spokesman, said in Washington on Friday that the United States and Japan had agreed to a package of measures to deregulate several important sectors of the Japanese economy and provide greater openings to foreign companies.

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Wary in Jakarta Ethnic Chinese Moved Assets Overseas Before Riots Erupted

By Philip Segal
International Herald Tribune

HONG KONG — With billions in Swiss banks, hotels in California, pulp mills in China and cellular-phone networks in the Philippines, wealthy members of Indonesia's ethnic Chinese community have been hedging their bets for decades. This week, that planning may be paying off.

Even before crowds of rioters ripped through Chinese-owned businesses Thursday and Friday, many Indonesian companies with substantial foreign debt were probably insolvent anyway. Now, as mobs burn down Chinese houses and attack ethnic Chinese cars packed with family members, cash and jewelry on the road to the Jakarta airport, some of Indonesia's richest citizens can at least take some comfort that billions of dollars are already safely invested overseas.

"The cynic or leftist would say they were getting their money out," said Eugene Galbraith, head of research at ABN-AMRO Bank in Hong Kong, who spent more than a decade working in Indonesia. "They would probably say, and I would say, they were quite wisely bedding as any rich person would seek to do."

Race riots are nothing new to Indonesia. After the carnage in 1965 against ethnic Chinese during and after the coup that brought President Suharto to power, came riots against the Japanese in 1974. For many years, the Chinese have been the repeated targets of mob rage across Indonesia, in racial flare-ups that mostly failed to gain international attention.

"There's been capital flight for a long time," said a consultant with a major accounting firm in Jakarta. "The

money invested here has turned around and left."

But over the last few weeks, the scale of the capital flight has grown exponentially, he said.

The wisdom of international hedging was not lost on Indonesia's richest ethnic Chinese businessman, Soedono Salim, one of whose houses in Jakarta was set on fire by mobs this week.

A poor immigrant from China who came to Indonesia 60 years ago, he was fortunate enough to meet and become friends with a future army general and president, Mr. Suharto. Mr. Salim's real name is Liem Sioe Liong, but like many of Indonesia's Chinese, he adopted an ethnic Indonesian name long ago.

Unlike hundreds of thousands of middle-class Chinese across Indonesia who may own a shop, a house, a car and maybe an apartment abroad, Mr. Salim has been shipping his money offshore for years.

Much of rich Indonesia's money has flowed to the Singapore offices of European private banks and into property investments, according to Mr. Galbraith, although the length of the list of foreign public companies controlled by Indonesia's ethnic Chinese is by any standard impressive.

• The Salim group controls First Pacific Co., which is listed on the Hong Kong stock exchange and has invest-



Residents walking down a street in Jakarta on Friday as calm settled over the riot-scarred city.

ments across Asia.

• Indonesia's second-richest ethnic Chinese clan, the Wijayas, is also well provided for outside of Indonesia. Headed by a man whose real name is Oei Ek Tjong, the family controls the Sinar Mas group of companies in Indonesia, but also owns hotels in California and Texas, as well as the New York-listed Asia Pulp and Paper Co., which has operations in Indonesia and across the region as well.

Credit Suisse First Boston said in March that "even with the economic turmoil of 1997, the company should continue to expand its capacity in Indonesia and China at a 27 percent rate through 2000."

• A smaller but still wealthy empire is controlled by the Wanandi family, which has a stake in Arvin Industries Inc., a U.S. auto-parts maker.

• Dharmala Group, owned by ethnic Chinese, holds a listed Hong Kong company with interests in Hong Kong,

China and the Philippines.

Analysts cautioned against isolating Indonesia's ethnic Chinese as the source of capital flight, with rumors buzzing around the capital of as much as \$14 billion amassed by Mr. Suharto alone. As with all such discussions, there is probably no way to measure Indonesian capital flows accurately, given the extent to which corruption has eroded the practice of record keeping in the country.

"I don't think it's only the Chinese that have taken these sorts of measures," said Simoo Francis, an analyst at Credit Suisse in Singapore. Ethnic Indonesians, known as *Pribumis*, have also stashed billions offshore, he said.

"There's no way to quantify how much money has flown out."

As for how quickly the billions of dollars that have left Indonesia would find their way back to the country once the unrest subsided, Mr. Francis was pessimistic. "People are going to be much more wary now," he said.

'Crony' of Marcos Could Gain From Philippine Result

By Don Kirk
International Herald Tribune

MANILA — The billionaire who was once the late President Ferdinand Marcos's closest crony is making plans to regain control of his Philippine business empire after Joseph Estrada, the presumed winner of the Philippine elections, takes over as president on July 1.

Eduardo Cojuangco, who is also one of the closest political allies of the incoming president, is confident, his associates say, that the new government will eventually return properties to a wide range of former cronies of Mr. Marcos. The properties are valued at between \$5 billion and 100 billion pesos (\$1.26 billion to \$2.52 billion).

The assets, seized after Mr. Marcos was overthrown in February 1986, remain under control of the Presidential Commission on Good Government, which decides how to run them. They range from enormous tracts of real estate to gold mines, banks and newspapers and include Petron Corp., the country's largest oil refiner, and the Philippine National Bank.

Mr. Cojuangco, who is widely known here as Danding, has his sights set first and foremost on San Miguel Corp., the Philippines' largest consumer company and the crown jewel of his empire. San Miguel, best known for its beer, was "sequestered" — the term used here to mean taken over by the government — soon after Mr. Cojuangco fled the country on the same U.S. Air Force jet that flew Mr. Marcos and his family to Hawaii in 1986.

Mr. Cojuangco and Mr. Estrada both declined to discuss the matter. However, one of Mr. Cojuangco's chief aides pointed out that Mr. Estrada had said repeatedly that he would "abolish" the Presidential Commission on Good Government, the agency that seized Mr. Cojuangco's assets.

"We are hoping what the next president is going to do is to instruct his solicitor-general to withdraw the cases," said the aide, Estelito Mendoza, a prominent lawyer who served on the Marcos cabinet and now represents Mr. Cojuangco as well as Imelda Marcos and some of the leading Marcos-era cronies.



Joseph Estrada showing poll results on Friday favorable to him.

Mr. Mendoza denied that Mr. Estrada had made any campaign promises to Mr. Cojuangco. But insiders here say they believe that many of Mr. Cojuangco's old properties will find their way back into his hands.

Given the system of personal relationships that traditionally dominates political life here, observers say they fully expect Mr. Estrada, who is currently vice president, to grant Mr. Cojuangco his wishes.

"Since the vice president and Mr. Cojuangco are quite close to each other, it may not be difficult to settle the matter," the current secretary of justice, Sylvester Bello, said.

Mr. Cojuangco strongly endorsed Mr. Estrada for president in the 1998 campaign and is assumed to have supported his campaign financially, an assumption he has never denied. Mr. Estrada ran for vice president in 1992 on the same ticket with Mr. Cojuangco. With voters permitted to split their ballots, Mr. Cojuangco finished third in the race for president while Mr. Estrada, a former star of action movies, was easily elected to the number two position.

Mr. Cojuangco "will be able to tell

him what to do and what not to do," said Robert Robbins, an American businessman here. "He will be able to write his own ticket. With the president backing him, he'll have more clout."

The demise of the Presidential Commission on Good Government, established by Corazon Aquino, who led the "People Power revolution" against Mr. Marcos and then succeeded him as president, would effectively close the books on scores of cases.

Mrs. Aquino formed the commission in 1986 to recover fortunes allegedly purloined by Mr. Marcos and his inner circle with an aggregate value of at least \$25 billion, approximately the size of the Philippine national debt at the time.

Mr. Estrada has said the Department of Justice would assume the responsibilities of the commission, but he has indicated lack of interest in aggressively pursuing them while lawyers delay action with repeated appeals and motions for dismissals. Some analysts say the department would wrap up long-running cases by compromising on some of them and dropping the rest.

One sign of the incoming government's outlook is that the man rumored to be Mr. Estrada's choice for secretary of justice is Mr. Mendoza himself.

Mr. Mendoza, who served as justice minister for the last three years of Mr. Marcos's rule, smiled when asked about the rumors and said he was "not sure" he wanted to serve on another cabinet.

In an interview in his office in

Makati, the Philippine financial district, Mr. Mendoza left no doubt of the sympathy he feels toward not only Mr. Cojuangco but also other members of the Marcos inner circle whom he counts among his clients. The best known among them beside Mr. Cojuangco is Lucio Tan, chairman of Philippine Air Lines and probably the richest man in the Philippines.

"These cases have been damaging to the owners of the assets and have seriously prejudiced the Philippine economy," Mr. Mendoza said. "All of these assets could be onstream in the economy, but now you cannot borrow on them. You cannot expand because there will always be a question of whether your expansion will be sequestered."

He broadened his argument to include a wide range of celebrities whose properties have been sequestered, including Imelda Marcos and her children.

"We think we can now be treated with more fairness and equality," he said. "It's a good time to get over the bias against anyone connected with former President Marcos."

Many business executives share this view.

"The Presidential Commission on Good Government has been useless," said Peter Wallace, a long-time economic consultant here. "It's achieved almost nothing. It's criminal that a government can sequester assets and then

See SAN MIGUEL, Page 13

Paris and EU Set Terms of Bank Rescue

Credit Lyonnais to Sell Assets in Bailout Plan

Compiled by Our Staff From European Press

PARIS — France and the European Commission agreed Friday on a tough bailout plan for Credit Lyonnais SA that could hamper the state-controlled bank's expansion well into the next century.

France said it agreed with the commission to sell 620 billion francs (\$104.08 billion) in bank assets before Oct. 31, 1999.

The accord, expected to be sealed May 20, will end four years of acrimonious talks on Europe's biggest corporate bailout and clear the way for stake in the bank.

Saving Credit Lyonnais, which once aimed to become Europe's largest bank, is expected to cost the French state as much as 190 billion francs (\$31 billion), according to figures previously mentioned by the European competition commissioner, Karel Van Miert.

The cost has escalated from 45 billion francs in 1995, to represent roughly 10,000 francs per French taxpayer.

A Paris judge is investigating possible criminal behavior at the bank, perhaps by former senior executives.

On Friday, the Finance Ministry sought to dispel fears that France would try to block a purchase of the bank by foreign bidders by saying a future sale would be open and nondiscriminatory.

Finance Minister Dominique Strauss-Kahn and Jean Peyrelevade, the chairman of Credit Lyonnais, said that despite the asset sales, the bank would remain a retail and business bank in France as well as an international bank, focusing on large companies, institutional investors, fund management and trading.

Weeks of negotiations between French officials and Mr. Miert shook confidence in the bank's future and prompted many clients to withdraw funds.

Credit Lyonnais has benefited from the largest rescue operation in Europe's banking history, after a string of mainly property investments in the mid-1990s turned sour. In exchange for the bailout, the commission required France to sell its stake in the bank to private investors.

On Friday, French officials did not indicate which assets would be sold before the privatization. Analysts expected Credit Lyonnais to be required to dispose of its entire European network, including its German unit, BfG, but to keep its financial operations in London and Frankfurt and branches in Luxembourg and Zurich.

The plan caps Credit Lyonnais' balance-sheet growth until 2003, forces it to pay out at least 58 percent of its profit in dividends until 2004, and prevents the solvency ratio from falling below the level reached Jan. 1, 2003 until 2014.

"Freedom from the uncertainty caused by the lack of an agreement with the European Commission, Credit Lyonnais will be able to speed up its recovery, while improving profitability," the Finance Ministry and Credit Lyonnais said.

It was not clear Friday whether Credit Lyonnais would be sold via an initial public offering or in a private placement of shares.

Mr. Peyrelevade has made it clear that he favored the sale of Credit Lyonnais through a public offering — a move that would allow the management to stay in place. (Bloomberg, Reuters)

ECONOMIC SCENE

Arrivederci Lira: Italians Are Nervous

By John Tagliabue
New York Times Service

VICENZA, Italy — Giovanni Franco Masello sheds no tears over the imminent demise of the Italian lira. Pietro Montagna sometimes wishes the funeral could be delayed a bit.

Both are Italian businessmen, and both want the euro, Europe's nascent single currency, and the benefits it will ultimately bring for their companies. Yet they are preparing for it in very different ways.

Mr. Masello's pottery company, which is not far from this northern Italian city, some 65 kilometers (40 miles) west of Venice, will post prices for its products in both lire and euros when it issues new price lists this year. But the supermarket chain based in Milan where Mr. Montagna works is asking the government in Rome to slow things down. Instead of issuing customer receipts in both lire and euros in the transition phase to the new currency that begins next Jan. 1, as the government has asked, the chain wants the receipts to be only in lire until the euro is fully introduced in 2002.

Deroma SpA, the world's largest pottery maker, where Mr. Masello is chief executive, is embracing the euro because Deroma is one of

thousands of thriving small and medium-size companies in Italy that have already become regional and international players, a status and a strategy that the euro is intended to enhance.

With the euro, the burden of converting the lira to a dozen different currencies will disappear, and as the single currency pushes Europe to become even more integrated economically, Deroma is poised to grab a bigger chunk of the market than it has now.

"Our idea," Mr. Masello said, "is for a production site in every country in which we sell."

But Standa SpA, the big supermarket chain where Mr. Montagna is head of computer services, is in a sector under siege. Long shielded from real competition by the kind of protectionist policies that the euro is intended to bring down, the Italian retail trade, along with banking and other sectors, expects mainly pain, at least in the near term.

Converting cash registers and consumer behavior to the new money will be costly. What is more, the expense is coming at a time when Italian retailers are already under assault from big competitors elsewhere in Europe that are expanding here.

Similar contrasts in expectations are being felt throughout Europe as companies and industries prepare, from different starting points, for the euro, which will replace the currencies of 11 countries in the European Union.

But in few countries are the differences as stark, or the potential gains and wrenching costs as substantial, as they are in Italy. Indeed, looming over both ends of the economy here, the strong and the weak, are the special uncertainties of Italy SpA.

To qualify for admission to the European monetary club, and thus become eligible to use the euro, Italy had to cut its budget deficit sharply.

That meant raising income taxes on corporations that had already been paying the highest rates in Europe. It also meant paring back investments in transportation and communications, even though those still fall well below the northern European standard.

Then there is Italy's depressed south, with its high

unemployment rate, which is a millstone around the neck of the economy as a whole.

Interest charges on Italy's bloated national debt, which is double the target set for countries adopting the euro, preempt the kinds of spending programs Germany began in the east after the fall of the Berlin Wall a decade ago.

What all this means, of course, is that if the current downward trend in interest rates reverses and the cost of money begins to rise again, Italy will have to tighten its belt further, even at the risk of provoking an economic slowdown, higher unemployment and social unrest. Resistance from labor unions, and from leftist parties in the government itself, would be intense.

Little wonder then that Antonio Fazio, president of the Italian central bank, warns that the next few years will be "purgatory" for Italians as the economy adjusts to Euro-

See ITALY, Page 13

See G-7, Page 15

CURRENCY & INTEREST RATES

May 15										Libid-Libor Rates					May 15				
Cross Rates										Swiss					French				
	\$	£	DM	FF	¥	₹	₪	₦	₧	Dollar	D-Mark	Franc	Swiling	Franc	Yes	ECU			
American	2.80	3.2715	12.04	132.01	0.147	0.0044	0.0034	1.071	1.3	1.00	3.28	1.936	1.94-1.4	1.94-1.4	7% - 4%	41% - 4%			
Brussels	2.60	3.17	11.89	124.01	0.135	0.0042	0.0032	1.071	1.3	1.00	3.28	1.936	1.94-1.4	1.94-1.4	7% - 4%	41% - 4%			
Frankfurt	2.780	3.20				0.0042	0.0032	1.071	1.3	1.00	3.28	1.936	1.94-1.4	1.94-1.4	7% - 4%	41% - 4%			
London (a)	1.654					0.0042	0.0032	1.071	1.3	1.00	3.28	1.936	1.94-1.4	1.94-1.4	7% - 4%	41% - 4%			
Cross										Swiss					French				
London	1.5428	2.8000	98.15	24.05	1.25	5.9945	1.2500	2.91	36.8	1.463	1.453	1.468	15.095						
Amsterdam		1.6264																	
New York (D)																			
Paris	5.979		1.78	13.25				3.959	8.169	4.20	4.637	4.207	1.884						
Hong Kong	13.815	74.14	75.35	24.0	0.35	4.68	3.638	0.35	6.6	0.93									
Malaysia	4.88	2.355	0.013	0.24	0.0083	0.0084	0.200	0.200	0.930	1.694									
Tokyo	1.486	2.355	0.013	0.24	0.0083	0.0084	0.200	0.200	0.930	1.694									
Zurich	1.654	2.41	8.02																
1 ECU	1.16	0.677	1.936																
1 SDR	1.344	0.821	2.386	8.022	2.338	2.869	4.594	1.969	1.975	1.827	282.49								
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EUROPE

Inflation Is Not Europe's Only Fight, Jospin Says

By Barry James
International Herald Tribune

PARIS — Prime Minister Lionel Jospin insisted Friday that the creation of a European central bank should not limit Europe's economic policy to a fight against inflation.

He said this did not mean France was abandoning its battle to reduce its public deficit as it prepares for the introduction of the European single currency on Jan. 1.

Rather, he said the 1999 budget would continue strict curbs on public spending, even though strong economic growth, forecast to be as much as 3 percent this year, has given France more margin for pump-priming action.

"Letting our public debt get out of control would lead to powerlessness sooner or later," he said.

At a meeting of business leaders organized by the economic daily Les Echos, Mr. Jospin said economic and monetary union would give European nations more room to

maneuver in the pursuit of national aims by reducing interest rates and eliminating foreign-exchange risks.

The French prime minister's words could arouse further suspicion in Germany, where the key function of the European central bank is seen as the fight against inflation and

Union. Still, if the French have their way, the council is likely to play a defining role in economic coordination and policy-making.

Unlike Germany, France has stressed the concept of political control within the euro zone, and observers said it was this that led Pres-

ident Jacques Chirac, at summit talks in Brussels this month, to insist that Wim Duisenberg step down midway through his eight-year term to begin July 1—as president of the central bank to make way for Jean-Claude Trichet, governor of the Bank of France.

Mr. Jospin's message that France had to cut deficits now in case of an economic downturn in the future was also stressed at the business leaders' meeting by Mr. Trichet, who called on governments to aim

Aerospatiale To Get 46% Of Dassault

Bloomberg News

PARIS — France will transfer its 46 percent stake in Dassault Aviation SA to state-owned Aerospatiale SA, the first step in creating a unified French defense and aerospace group that can team up with European partners to better compete with U.S. rivals.

Dassault, a military and civilian aircraft manufacturer that had resisted government attempts to force it to merge with Aerospatiale, said Thursday that it had consented to the share transfer. The government said it had asked both companies to study ways they could cooperate.

This is the first Franco-French step needed before they can create a European aerospace group," said Philippe Gossard, an analyst at Credit Lyonnais.

The government said Friday that it favored "the establishment of a concerted strategy for the French aerospace industry in the perspective of alliances that appear necessary for the principal European actors to create powerful and competitive entities."

Dassault is renowned for its Mirage III fighter jet, which became one of the best-selling planes in the world after Israel used Mirages with devastating effect in the 1967 Middle East war. But the later Mirage 2000 model won limited export orders, and Dassault's latest offering, the Rafale, has yet to win an export order. This week it lost out to Lockheed Martin Corp.'s F-16 for a \$6 billion 80-plane order from the United Arab Emirates.

Dassault made about half its 21 billion francs (\$3.52 billion) in 1997 sales from civilian aircraft, mostly its Falcon business jet.

Aerospatiale, which had 1997 sales of \$6 billion, franchises, assembles the Airbus passenger plane and the Ariane rocket, and also makes helicopters and missiles.

The French prime minister's words could arouse further suspicion in German circles.

where many people fear France's philosophy could undermine the central bank's independence.

These differences are likely to come to a head June 4 with the first meeting in Luxembourg of the council of the euro, which was set up under largely French pressure as a counterweight to the central bank.

Made up of finance ministers of the countries adopting the euro, the council is described as "informal" because it is not mentioned in the founding treaties of the European

Union. Still, if the French have their way, the council is likely to play a defining role in economic coordination and policy-making.

Unlike Germany, France has stressed the concept of political control within the euro zone, and observers said it was this that led Pres-

ITALY: Dawning of the Euro Age Is Inspiring Both Confidence and Concern

Continued From Page 11

pean demands and is forced to adapt.

What is encouraging to the experts are the number of businesses, like Deroma, that seem as well positioned as any in Europe to meet the challenges the euro will pose.

Deroma expects revenue of \$91 million this year, a fivefold increase from a decade ago. Founded in the 1950s by local potters, Deroma single-handedly industrialized pottery production in the 1970s and then reinvented itself as a mini-multinational.

In the early 1990s, Deroma pushed aggressively beyond Italy's borders, grabbing back the marketing of its products in Europe and the United States from local distributors and then building or acquiring fac-

ories in Denmark, China and, most recently, the United States.

Companies like Deroma are the very backbone of the Italian economy, said Franco Bruni, an economist at Bocconi University, the business school in Milan. "These concentrations of small and medium-size companies with flexible structures are among the best" on the Continent, he said, and the euro will be a boon for them.

For many, he said, it will afford "emancipation from the costs of small Italian banks" while fostering cross-country networking, particularly in areas like those around Vicenza that are close to powerful economic regions farther north. By removing obstacles to companies' expansion, like the cost of protecting themselves from changes in exchange rates, the euro will promote

expansion across borders into neighboring countries.

But the chronicle of Deroma's growth also illustrates many of Italy's deficiencies.

Wages in Italy are so high that Mr. Masello, Deroma's chief executive, had no inhibitions about moving production abroad.

Italian banking is so costly and provincial that to finance Deroma's growth, Mr. Masello took the very un-Italian step of selling shares on the Milan stock exchange, thus avoiding the debt that makes Italian companies, as he puts it, "the salvation of the banking system." (Deroma is one of only two of the 2,200 industrial companies in the Vicenza area listed on the Milan bourse.)

arm of Germany's Deutsche Bank, although he also brought into the syndicate Credito Italiano, one of the best-run Italian banks. "To include a national bank."

And so rigid is the Italian labor market, and so immobile have Italians become thanks to generous welfare and unemployment payments, that despite unemployment of more than 20 percent in the south of Italy, Deroma employs 40 to 50 non-Europeans, mainly from India and Africa, among its roughly 1,500 workers.

Still, not all of Italian business shares Deroma's dynamism, and what troubles some experts is the relative weakness of key sectors of the economy, like banking.

To cushion that industry, Italy long maintained high barriers to foreign entry. Now the euro is expected to open the gates to foreign capital

WORLD STOCK MARKETS

Friday, May 15
Prices in local currencies.

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Foreign Firm:

The Associated Press

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ASIA/PACIFIC

Foreign Firms Look to an Uncertain Future in Jakarta

By Sandra Sugawara
Washington Post Service

TOKYO — As foreign multinational companies fled a chaotic Indonesia en masse Friday, they were faced with the possibility that soon the business landscape in Indonesia may change, perhaps radically.

Carefully cultivated ties to President Suharto's family and friends, a key to smooth dealings with the government, will have little value if

Mr. Suharto is forced out. And whether he goes quietly or there is a prolonged and bloody fight, those ties could even be a hindrance to foreign companies.

What many foreign companies are hoping for is a moderate successor that pursues democracy and the kind of economic reforms being adopted in South Korea and Thailand.

"That might restore confidence," said an American business-

man based in Tokyo, whose company has operations in Indonesia.

But if Mr. Suharto chooses instead to circle the wagons, forcing a long battle, companies associated with the president will be hurt, said Takashi Hoshino, a specialist on Indonesia with Loog Term Credit Bank Research Institute in Tokyo.

"The longer Suharto stays," said Robert Broadfoot, managing director of Political & Economic Risk Consultancy in Hong Kong, "the

greater the risk that whoever comes into power could be quite radical and anti-foreign. The foreign companies would be faced with an Iranian situation, and that's when merely by being there when Suharto was, you're associated with the old regime."

Most companies contacted said they were only suspending operations temporarily. None had plans to close down operations. Despite its current problems, foreign corpora-

tions see tremendous growth potential in Indonesia, which is the world's fourth most populous country, with 200 million people, and has an abundance of oil and other natural resources.

The problem is that Mr. Suharto has doled out monopolies to his family and friends, creating an elite group of rich and leaving many in poverty. Foreign company executives have long complained about being hit with demands for "fees" and "donations" and suggestions that they hire Mr. Suharto's friends. The whole system has distorted competition, stifled entrepreneurship, and kept some prices unreasonably high, economists say.

"Most of the foreign companies we talk to are looking at this crisis as an opportunity," Mr. Broadfoot said, despite the fact that business in Indonesia on Friday ground to a halt and the banking system basically shut down. The parade of big-name multinationals that fled Friday — petroleum companies, banks, securities companies, auto and consumer electronics companies — all say they plan to be back, and soon.

"With a change in government," Mr. Broadfoot said, "the foreign companies we've been talking to feel they might be able to help shape the new business environment, especially in a country that is on its back."

Some executives said even a military takeover in Indonesia could be an improvement, if the new leader was moderate and made an effort to dismantle some of the monopolies that have been criticized by the International Monetary Fund.

Most executives, and even many analysts who normally talk regularly to reporters, declined to be quoted because of the volatile situation in Indonesia.

"Our company is still trying to do some business with the government," said one analyst, indicating that foreign businesses were not abandoning Indonesia.

Indeed, although Nissbo Iwai Corp. of Japan is suspending construction of a petroleum project it is building in Indonesia with other companies, it plans to resume work as soon as the economy stabilizes.

"Nobody doubts that Asia is a growth market in the next 20 to 30 years," said a spokesman.

But analysts said that because the banking systems throughout Asia remained weak, they expected the Indonesian crisis to keep equity investors away from the entire region, at least in the near future. "We're in the knee-jerk phase," said an analyst for an American investment bank.

Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	13000	8,938.30	8,991.95	-0.59
Singapore Straits Times	2000	1,322.88	1,301.78	+1.58
Tokyo Nikkei 225	17000	15,242.85	15,307.89	-0.42
Sydney All Ordinaries	2700	2,763.89	2,769.40	-0.20
Tokyo Nikkei 225	17000	15,242.85	15,307.89	-0.42
Kuala Lumpur Composite	500	565.85	560.50	+0.93
Bangkok SET	300	369.83	369.82	+0.01
Seoul Composite Index	350	352.83	352.94	-0.03
Taipei Stock Market Index	1,800	8,187.80	8,188.00	-0.02
Manila PSE	1,200	2,128.88	2,130.00	-0.05
Jakarta Composite Index	4,000	4,053.97	4,033.89	+0.50
Wellington NZSE-40	2,200	2,228.15	2,236.38	-0.36
Bombay Sensitive Index	3,000	3,849.80	3,857.94	-0.21

Very briefly:

- Hanjin Bank Ltd., a Japanese regional bank, plans to take over the debt-ridden Midori Bank Ltd. next year. The move will be carried out with financial help from the government-backed Deposit Insurance Corp.
- Tenaga Nasional Bhd., a Malaysian power utility, posted a greater-than-expected loss of 2.1 billion ringgit (\$554.1 million) in the half ended Feb. 28, and it cited the decline of the domestic currency. For the year-to-date half, Tenaga had a profit of 511 million ringgit.
- Thailand expects its economy to contract 5.5 percent this year, a sharper decline than the 3.5 percent decline previously anticipated, a Finance Ministry official said.
- Sing Tao Holdings Ltd., a Hong Kong-based newspaper publisher, said its chairman, Sally Au Sian, was in talks to sell part or all of her controlling 50-percent stake in the company.
- Yamaha Corp.'s parent-company net profit fell 31.5 percent, to 5.1 billion yen (\$38.2 million) in the year ended in March, as sales of musical instruments declined in Asia.
- Mitsui Fudosan Co., Japan's largest property developer, posted a parent-company net profit of 5.8 billion yen for the year ended in March, compared with a loss of 51.5 billion yen for the previous financial year.
- Dongah Group's chairman, Choi Won Suk, resigned, one week after he said he would do so in a bid to save the South Korean construction conglomerate from a liquidity crisis.
- Moody's Investors Service Inc. cut its senior debt rating for Itochu Corp., Japan's major trading house, from "A3" to "Baa2," blaming serious asset losses.
- Hong Kong's chief secretary, Anson Chan, said planned infrastructure projects worth 235 billion dollars (\$30.34 billion) would go ahead despite the Asian financial crisis and would provide at least 19,000 new jobs.
- Eli Lilly & Co.'s appeal for copyright protection in China for the drug Prozac was heard by the Beijing Municipal People's High Court, a company official said, but a verdict was not announced.

Singapore Air Buys Long-Haul Airbuses

Compiled by Our Staff From Dispatches

SINGAPORE — Singapore Airlines Ltd. agreed Friday to buy as many as 10 A340-500 long-range jetliners from Airbus Industrie in an order worth as much as \$2.2 billion, dealing a blow to a rival model made by Boeing Co.

Turning away from the U.S. planemaker after buying as many as 77 early versions of the Boeing 777 in 1995, Singapore Airlines said it agreed to five firm orders of the \$150 million Airbus aircraft and took options for five more. The deal includes spare parts and backup engines.

The order gives Airbus what is regarded as the benchmark Asian customer for its four-engine A340-500, seen by some analysts as better-suited to the long-distance flights common in the region than the latest

model of Boeing's twin-engine 777. "Flying seven hours is one thing," said Chris Partridge, an aircraft finance specialist at Deutsche Morgan Grenfell, "but flying 14-hour, 18-hour sectors on two engines is really pushing both airframe and engine technology to its limits."

The Airbus jets will be powered by Rolls-Royce Trent 553 engines. Delivery of the planes is due to begin in 2002 and will be completed by 2003, Airbus said.

The new wide-bodied aircraft will be used to operate the first non-stop trans-Pacific passenger service between Singapore and Los Angeles and San Francisco. Flights from Singapore to California now involve at least one connection.

Singapore Airlines hopes the service will attract the lucrative market

for frequent business fliers, who have long complained of the lack of a direct service between the United States and most of Southeast Asia.

Despite the economic slowdown in Asia, Singapore Airlines also announced Friday that its net profit rose last year.

The airline said it earned 1,035 billion Singapore dollars (\$627.2 million) in the year to March 31, up from 1,032 billion dollars the previous year. Sales rose to 7.72 billion dollars from 7.22 billion.

But the airline warned of ominous prospects for the current year because of poor passenger traffic. Singapore Airlines, said the Asian economic crisis was adversely affecting regional travel and that out-bound traffic from the region would shrink. (Bloomberg, AFP, Reuters)

Tokyo Demotes Finance Official In Gifts Scandal

Compiled by Our Staff From Dispatches

TOKYO — A senior finance official will be demoted to take responsibility for recent scandals concerning the entertainment of bureaucrats by the financial institutions they were supposed to be regulating, the finance minister said Friday.

Toshiro Muto, whose duties included overseeing ministry officials, will step down as head of the ministry's secretariat on Tuesday, said Finance Minister Hikaru Matsunaga.

Public trust in the Finance Ministry has been severely shaken by the arrests of officials and businessmen on bribery charges, involving expensive golf trips and wining and dining, allegedly in exchange for inside information. In recent months, the ministry has punished more than 100 officials.

Separately, Koji Omi, head of the Economic Planning Agency, warned Friday that a credit crunch posed "serious problems" for Japan.

His comments came a day after figures showed bank lending last month suffered its biggest fall in seven years, falling 2.5 percent from the previous year period.

Economists are divided over whether banks are cutting back lending. Some say figures show total lending is falling and bank clients are facing higher interest rates. Others note that many companies are turning to Japan's bond market to raise money and that lending from regional banks is still rising, however slowly. (AP, AFP)

Seoul to End Foreign Stockholding Limits

Compiled by Our Staff From Dispatches

SEOUL — South Korea said Friday it would remove the ceiling on foreign stock ownership on May 22.

The change will allow foreigners to own 100 percent of most companies, up from 55 percent, and 30 percent of state-owned Pohang Iron & Steel Co. and Korea Electric Power Corp., up from 25 percent.

The move, which comes as the country's benchmark stock index hovers near 11-year lows, follows International Monetary Fund demands that Korea open its financial markets.

But analysts said the announcement, although seen as good news in the long run, failed to cheer Korea's languid financial markets, which were overshadowed by growing worries about social unrest in Indonesia.

"The old shot in the arm the market opening used to have isn't there any more," said Dan Harwood, regional director, Northeast Asia, for ABN-AMRO Asia Ltd. in Seoul.

"The effect it's actually going to have on attracting new money in the way it has before is going to be limited because the foreign limit is not full for most companies," he said.

The Korea Stock Exchange composite stock price index ended down 10.11 points, or 2.79 percent, at 352.83 on Friday. The dollar rose to 1,435 won from 1,412 won Thursday.

The new rules will allow foreigners to buy stocks in the primary market. Currently, buying of stocks by foreigners is allowed only in the secondary market.

The Finance Ministry said it

would lift restrictions on foreign investment in beneficiary certificates. This would include ending a 55 percent ceiling on foreign investment in trust assets and allowing foreign investment in money-market funds and short-term bonds, it said.

Analysts said the deregulation would translate into a rise in the weighting of the South Korean stock market in the world's benchmark indices.

"It should mean that Korea's weighting in some of the benchmarks increases to some degree in the medium term," said Mr. Harwood of ABN-AMRO.

Separately, data released Friday showed that direct foreign investment in South Korea jumped 133.3 percent in April from a month ago as mergers and acquisitions surged. (Reuters, Bloomberg)

SAN MIGUEL: 'Crony' of Marcos Could Gain Control of Brewer

Continued from Page 11

not determined who gets them."

Mr. Wallace said that the government over the years had appointed "a large contingent to the boards of sequestered companies that have been a hindrance to rapid development."

Mr. Cojuangco was a first round to regain a foothold on the board of San Miguel Corp. when a court ruled in April that he could exercise voting rights with the 20 percent stake that he still has in the company. He promptly named three new directors, including Mr. Mendoza, another lawyer and a younger brother, to the 15-member board.

The next step, however, may be more difficult. Mr. Cojuangco, known as

"the cocoonting" after Mr. Marcos gave him control of the nation's coconut industry, wants the government to give him another 27 percent stake in San Miguel held by the United Coconut Planters Bank. The "Coco Bank," which largely belongs to him, was sequestered along with San Miguel in 1986.

Mr. Cojuangco is fighting a plan approved by President Fidel Ramos this month for selling those shares, which the government says were acquired with funds levied from more than a million coconut farmers and millers. His goal, according to associates, is to gain power over all 15 of San Miguel's board seats and name himself to the post of chairman, now held by Andrew Soriano, scion of another wealthy family, who was appointed by the Pres-

idential Commission on Good Government.

Mr. Cojuangco "has indicated this order is unconstitutional and illegal," said Magtanggol Guinigundo, commission chairman. "You can be sure he will make noise."

Mr. Cojuangco parlayed his control over the funds in the "Coco Bank" to buy much of San Miguel, founded as a brewery in 1884, in 1983. San Miguel has ranked at or near the top in the Philippines in terms of sales for years but has slipped badly of late.

Its income last year was 2.73 billion pesos, about \$100 million, down nearly 50 percent from its 1996 income of 5.26 billion pesos.

More worrisome, said Mr. Mendoza, is the company's debt/equity ratio of approximately 150 percent. "We should be raising equity, but

we're impaired by sequestration," said Mr. Mendoza.

Unlike a number of other extremely rich Filipinos whose property was sequestered, said Mr. Mendoza, "my client has refused to negotiate."

Mr. Tan, the Philippine Air Lines chairman, has faced considerably less difficulty than Mr. Cojuangco.

A court blocked the commission's efforts to sequester his holdings, notably Fortune Tobacco Co., which makes 75 percent of the cigarettes produced in the Philippines, claiming the commission missed the deadline for filing its application in 1987. The commission has been attempting ever since to reverse the court order, demanding seats on the boards of Mr. Tan's companies as well as control over his assets.

G-7: U.S. and Japan Set Accord

Continued from Page 11

day that no decision had been made to exempt European companies.

While the bilateral developments dominated activity here, leaders of the G-7, which excludes Russia, gave their expected endorsement to a strategy for strengthening the global financial system to prevent or better manage events like the Asian economic crisis.

The G-7 leaders also urged the International Monetary Fund to publish more information about member countries, including any causes for concern in their economies.

The leaders said they attached "particular importance" to "encouraging the IMF to publish more information about its members and their policies, including its concerns about members' policy making and vulnerabilities," an Agence France-Presse report said.

There have been calls for the IMF to make public warnings about problems in member countries' economies as part of moves to prevent a recurrence of the Asian crisis. But there have also been fears that publicizing such information could precipitate the kind of crisis it is designed to avoid.

The IMF has so far only given such warnings in private. The G-7 leaders said the Asian financial crisis had revealed "potential weaknesses and vulnerabilities in

the global financial system."

They called for a new framework "to ensure that the private sector plays a timely and appropriate role in the resolution of financial crises."

They said the IMF should also publish more information about its own decision-making process, and said its policy-making interim committee should be developed "to permit a deeper and more effective dialogue."

The G-7 leaders said that "good public governance" as well as economic stability were necessary for countries to recover from the Asian financial crisis, in an apparent reference to Indonesia.

"While we are encouraged by the progress in implementing sound policies in emerging markets that have been affected by the Asian crisis, events in recent days demonstrate that the situation remains fragile," the G-7 statement said, according to Agence France-Presse.

"Sound macroeconomic policies, open markets and continued structural reform in all countries are essential for long-term stability in the world. Recent experience emphasizes the importance also of good public governance."

The latter statement, coming after rioting and looting overnight in Jakarta, was aimed at the Indonesian government, officials said.

EXOR GROUP

Société Anonyme

Registered Office: 22-24 Boulevard Royal, 2449 Luxembourg
R.C. Luxembourg B-6734

Our Shareholders are invited to attend on
Wednesday, June 3, 1998, at 11.00 a.m. in Luxembourg
at 69, route d'Esch, the

Annual Shareholders' General Meeting

with the following agenda:

1. Directors' Reports
2. Auditors' Reports
3. Approval of the Consolidated and Parent Only Financial Statements for the year ended December 31, 1997.
4. Appropriation of 1997 net income of the parent company.
5. Discharge of Directors and Auditors
6. Directors' and Auditors' fees for 1997.
7. Authorization to the Board of Directors to repurchase Company's shares.

In order to be able to attend the ordinary general meeting, holders of bearer shares will have to deposit their bearer shares five clear days before the date of the meeting at the Registered Office of the company or with one of the following banks:

- in Luxembourg: Banque Internationale à Luxembourg;
- in Italy: all the leading banks;
- in Switzerland: Credit Suisse;
- in France: Lazard Frères & Cie;
- in the Federal Republic of Germany: Commerzbank;
- in Great Britain: SBC Warburg, Lazard Brothers & Co.;
- in the Netherlands: ABN-AMRO Bank;
- in Belgium: Banque Bruxelles Lambert.

Every shareholder may be represented at the shareholders' meetings by a proxy, who need not himself (herself) be a shareholder. Shareholders may, on and after May 26, 1998, inspect at Banque Internationale à Luxembourg, 69, route d'Esch, the reports of the Board of Directors, the annual financial statements and the text of the proposed resolutions.

THE BOARD OF DIRECTORS

Good News to our readers on the French Riviera: The IHT is available at all these fine news agents.

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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Friday's 4 P.M. Close

(Continued)

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Against the Tide: Contrarian Picks for When the Market Turns

By Aline Sullivan

ONE OF THE ironies of today's bull market is that contrarian funds have, in themselves, become contrarian investments. It takes a bold investor to pump money into what are some of the worst-performing vehicles around.

"Contrarian investing is essentially a way of saying that the crowd is wrong, in terms of price or time or even both," said Michael Lipper, chief of Lipper Analytical Services in New York. "That does happen. The problem is that the extreme contrarians are more often wrong than not."

The two global funds defined by Lipper Analytical as contrarian form a case in point. The \$200 million Newcap Contrarian Fund and Ohio National's \$5.6 million One Fund Global Contrarian Mutual Fund rank among the five worst-performing funds in their sector so far this year and within the bottom 10 percent in the past 12 months.

The managers of these funds, and their investors, need thick skins in times like these.

"So few people are contrarians because it is physiologically very difficult," said the One Fund manager, Jean-Marie Eveillard. "We are always swimming upstream." He attributed the fund's "pedestrian" performance — it is up 5.6 percent so far this year — to its concentration in small companies, mostly in France, Japan and Switzerland.

"We will stick with smaller securities because we believe there is genuine value there," said Mr. Eveillard, who also is the president and manager of the SoGen International Fund and manager of Ohio National's One Fund International.

He identified ImmoBilieres Marseilles as an investment that is starting to pay off. The French holding company, which owns stakes in a number of large European companies and in real estate in Southwest France, has returned nearly 50 percent to its investors so far this year.

"It is still trading at a 50 percent discount to net-asset value and will also benefit as real-estate prices start to rise in France," he said.

The bolder the manager, the worse the fund, at least lately.

"There are many different contrarian

strategies," said Russel Kinnel, equity fund editor of Morningstar Mutual Funds. "Some funds simply buy beat-up stocks, while others have made the mistake of shorting them. Gold funds, in which investors have been able to double their misery, can also call themselves contrarian."

CONTRARIAN EQUITY funds are most popular in the United States, where they have been of little use to investors in the past year, and almost unheard of in Asia, where perhaps they could have helped investors avert some misery. Analysts point out, however, that true contrarian funds will differ from the so-called bear funds in that they will lose money in a swiftly declining market, albeit not as quickly as more general funds.

But if ever there was a market ripe for contrarians, Asia is now it. The Global Contrarian Fund was launched last month by the Singapore-based fund manager OUB Asset Management Ltd. Its managers expect to generate average returns of 20 percent by ferreting out fundamentally strong stocks that have been oversold.

It has not worked out that way, at least not yet. Instead, the 19 million Singa-

pore dollar fund provides a perfect illustration of why contrarian investors need the patience of Job: It has plunged almost 10 percent since its inception. Global in name only for now, the fund has made most of its investments in Southeast Asia, thanks in part to a quantitative program that alerts the manager, Gillian Ang, when shares anywhere have dropped more than 20 percent.

To date, the Global Contrarian fund's top 10 holdings are: Singapore Airlines Ltd.; China Merchant Holdings International Co.; warrants for Jollibee Foods Corp. of the Philippines; Shanghai Industrial Holdings Ltd.; BEC World PCL of Thailand; PTT Exploration & Production PCL of Thailand; Thai Farmers Bank; United Overseas Bank Ltd. of Singapore; Guangsheng Holdings of Hong Kong and China Telecom (Hong Kong) Ltd.

In Europe, said David Masters, senior fund analyst at Micropal in Boston, "fund managers are reluctant to call themselves contrarians but a lot of them are starting to adopt that approach."

Dresner Bank RCM's Emerging Market Fund and the Select Emerging Market Funds, several of the Foreign & Colonial Funds and hedge funds such as

the Croesus Capital Management EMTR Fund are really becoming contrarian," he added.

In the United States, funds such as the \$29.8 billion Vanguard Windsor Fund, which has been closed to new investors, operate cautiously in the gray area between value and contrarian investment approaches. Investors are not complaining about this lack of definition, however: The 30-year-old fund has returned 15 percent so far this year.

AT LEAST SOME of that performance can be attributed to what was a true contrarian play. The fund acquired a large stake in Citicorp in the early 1990s, when the bank's future was in doubt. Since then, the Windsor manager, Charles Freeman, has seen his \$8-per-share investment rise to about \$150 late Friday, including a \$37.625 boost on April 6, when the company announced plans to merge with Travelers Group Inc. in a stock swap.

Investors who missed this boat can look to the Windsor II fund, which was started in 1985 and remains open to new investors. Managed by James Barrow, it is now worth about \$23 billion. Citicorp is not figure among its 10 largest holdings.

At the other extreme of the contrarian spectrum are funds such as the Comstock Capital Value fund, which has posted a loss of more than 12 percent so far this year and 31 percent in the past 12 months, ranking it among the worst-performing capital appreciation funds. Analysts attribute these losses to aggressive but misguided short selling, the sale of securities that the fund borrowed and hoped to buy back at lower prices after they fell.

The perils of shorting stock in today's market are well illustrated by two related funds. The \$37.6 million Crabbe Huson Small Cap is up 4 percent so far this year, while its sister fund, the \$296 million Crabbe Huson Special, has sunk almost 4 percent over the same period.

"The Crabbe Huson Special had been a strong performer until 1996, when manager Jim Crabbe started negotiating short positions, an area in which he clearly hasn't shown much ability," said Mr. Kinnel of Morningstar. "He held on to his short positions longer than, on to some of his long positions and he chose the wrong stocks. For example, he shorted American Online, Dell and Compaq because he thought they were overpriced. But all three are market leaders, and their

shares have continued to rise."

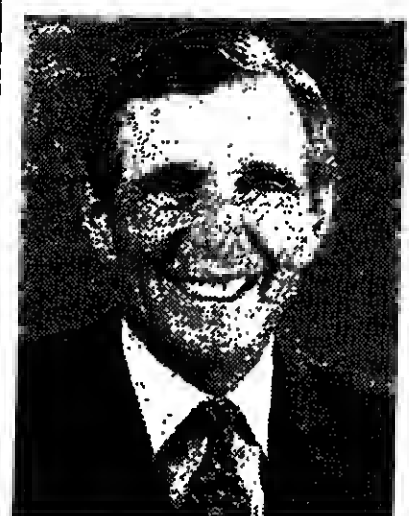
Currently, the fund has allocated 55 percent of its assets to shorting Dell Computer Corp., 3.2 percent to America Online Inc. and 2.2 percent to Compaq Computer Corp. It also has allocated 3.7 to shorting Citicorp and 2.7 percent to shorting UAL Corp., the parent of United Airlines.

IT WAS NOT always like this. Just a few years ago, aggressive contrarian funds were hot buys and the Robertson Stephens Contrarian Fund was the big favorite. Paul Stephens, its manager, made his name in 1995 when one of his obscure Canadian holdings, Diamond Fields Resources Inc., hit the jackpot with the discovery of the world's largest nickel deposit in Voisey Bay, Canada, and was then acquired by Inco Ltd. for 38 times the amount Robertson Stephens had paid for its 6.9 million shares.

But times have changed. Robertson Stephens Contrarian Fund now has \$362 million under management, little more than a third of its total assets three years ago.

"In the current market, which prizes well-known, consumer-oriented mul-

Continued on Page 19



David Dremann: Discipline is key.

One Manager's Tips for Building a Portfolio Against the Flow

CONTRARIAN INVESTING shares some features with value investing, the strategy of looking for stocks that are priced inexpensively relative to the average market levels for dividends, earnings and corporate assets.

This is natural, because the unpopular stocks sought by contrarians are bound to trade at lower multiples than those of companies that are in favor, making them attractive to value investors as well.

But while they are similar, contrarian and value investing are not the same, according to David Dremann, an asset manager and the author of the new book "Contrarian Investment Strategies: The Next Generation."

Mr. Dremann said a key to the contrarian model was discipline, and he offered a list of five indicators that he uses to screen stocks.

Individuals with more than \$50,000 to invest could construct a contrarian portfolio of about 25 stocks, and these he said should be diversified among several industries.

The criteria assume different levels of importance based on market conditions, Mr. Dremann said.

For example, in the early 1990s, when financial stocks were unpopular, many issues in the sector had low prices in relation to the book values of their assets. At such a time, the other criteria, such as low-priced stocks in the industry, would be used to winnow

down the list of candidates.

1. Stocks with the lowest price-to-earnings ratios. Mr. Dremann looks at those companies whose ratios are in the bottom 20 percent of the market.

2. Stocks with the highest dividend yields. Look for stocks that have strong enough earnings to support the dividends.

3. Stocks with low price-to-book values. Book value is a company's assets minus its liabilities. Mr. Dremann suggested looking for companies with values far below the average for the market. In the United States, the average ratio is now about 3.5, and he suggested that investors look for ratios of 2.5 to 3.5.

4. Stocks with low price-to-cash

flow ratios. This is similar to the price-to-earnings valuation but cash flow also includes items such as depreciation. Cash flow is more difficult for companies to adjust than the narrower profit measure, and it works particularly well with industrial and energy companies.

5. Stocks with low values relative to others in their industry. Taking the cheapest stocks in several industries provides contrarian diversification.

DAVID DREMAN is chairman of Dremann Value Management LLC, an investment advisory firm at 3 Huntington Road, East Bank, New Jersey 07001, that manages accounts for institutional and wealthy private investors. His telephone number is 1-732-284-1000. He also is the manager of the Knepper-Dremann High Return Fund, information about the fund can be obtained by calling 1-312-237-7000, or toll-free in the United States, 1-800-621-1048. For information about his book, "Contrarian Investment Strategies: The Next Generation," contact Simon & Schuster, 675 Third Avenue, New York, N.Y. 10016, or call 1-800-421-3736.

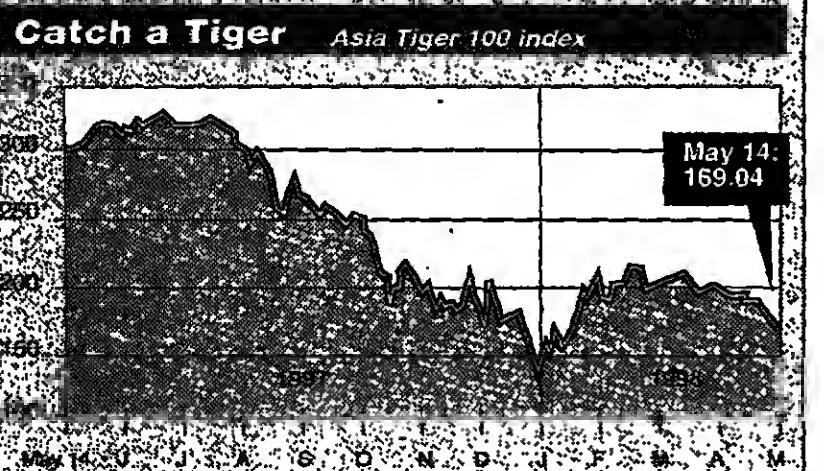
Placing a Bet On Recovery In Asia With New Warrants

GIVEN RECENT events in Asia, a true contrarian play would be to speculate that stock prices there will rise significantly in coming months. For investors who want to make that bet, there is a new vehicle that offers a leveraged wager: a warrant on the Asia Tiger 100 Index, a group of blue-chip Pacific stocks, half of which are from Hong Kong and Taiwan.

Warrants are complicated instruments, akin to long-term call options. They give their holders the right but not the obligation to buy something at a specified price. Traditionally, this was a stock or a bond, but in this case the warrants can be exercised for cash if the index trades above 185.88. The exercise value is determined by the formula \$15 x (Index - 185.88) / 185.88.

On Thursday, however, the index was at 169.04. It has been falling since the warrants were issued on April 30. That brought the price of the warrants down to \$4 from the \$5 they were sold at. The index would have to rise to 235.45 before the warrants expire on Nov. 1, 2000, for investors who bought on Thursday to break even.

The complex math of warrants means that if the index moves above the breakeven point, investors garner higher percentage gains than they would achieve by purchasing the underlying stocks. Cur-



Source: Bloomberg

rently, the so-called gearing ratio is about 2.8, meaning gains in the warrants would outpace a rise in the index by that factor.

The warrants are listed on the Chicago Board Options Exchange, and they were issued by the International Finance Corp., the World Bank affiliate whose mission is to encourage private investment in developing countries.

At first glance, it would seem that the IFC was betting against Asia's stock markets because the issuer of the warrant takes the opposite position from the investors. But Minati Misra of the IFC's Treasury Department said this was not the case.

"The IFC is completely hedged," she said. "We are not taking any view."

The IFC transferred the risk that Asian markets will rise to other investors, who Ms. Misra would not identify. She said the agency reckoned that the warrants would be popular with contrarians outside of Asia, and that the IFC's role was "using its balance sheet and getting compensated" by acting as the middleman in the transaction and keeping part of the \$5 million or so raised in the sale.

The IFC, she added, "has an ad-

vantage to issue in the United States" because it does not have to comply with Securities and Exchange Commission listing requirements.

For investors who think Asian equities will rise from current levels, the warrants offer a risky alternative to mutual funds or stocks. Should the index fail to rise above 185.88 before they expire, the warrants will have no value, and even an advance beyond that level does not guarantee a gain. A big recovery, however, would give the warrant-holders far sharper gains than more timid investors.

The index, which is calculated in dollars and will be periodically rebalanced to maintain these weightings, has 32 percent of its stocks in Hong Kong, 22 percent in Taiwan, 14 percent in Malaysia, 12 percent in Singapore, 6 percent in South Korea, 6 percent in the Philippines, 4 percent in Indonesia and 4 percent in Thailand.

International Herald Tribune.

THE WARRANTS trade like stocks under the symbol ACWWS on the Chicago Board Options Exchange (use ACWWS on the Bloomberg system). The symbol for the index is TIGR. For more information, see the Web site at www.ifc.com or contact us at 1-800-421-3736.

Q & A / David Tice, Prudent Bear Fund Manager

The View From Outside the Bubble

DAVID TICE manages the Prudent Bear Fund, a U.S. mutual fund that seeks to profit in rising as well as falling markets by either owning or selling short stocks, depending on whether Mr. Tice thinks equities are under- or overvalued. His net position is short these days, and he has had no trouble finding stocks that he thinks are overvalued. Yet the market has not cooperated with his contrarian position, and the fund is down 24 percent so far this year.

Mr. Tice discussed the market with Conrad de Aenlle.



David Tice: Awaiting the bust.

Q. The stock market always goes up over the long run, as the swelling throng of bulls keeps pointing out, so why does the world need funds like yours?

A. The market doesn't always go up. There are bear markets and bull markets. This has been the biggest secular bull market in history, since 1982. The minor bear markets in 1987 and 1990 required investors only one to two years to recoup their initial investment. These were painless bear markets. We are in the midst of the biggest bubble in the economy and stock market that America has ever seen. The market badly needs a fund like ours, which allows individuals to be short the most expensive stocks in the country in a diversified, professionally managed portfolio. This is not available anywhere else.

Q. Some bear funds are essentially anti-Standard & Poor's 500 index funds, tracking the benchmark index only in reverse. You're a stock-picker, looking for overvalued companies to sell short. That does not require you to have a bearish view on the market, right?

A. Not necessarily. We attempt to identify stocks that will decline no matter what the market does. The problem is that with a portfolio, there is a natural correlation with the market.

Q. By many measures, the U.S. market is far more overvalued than it ever has been, and European markets are not much cheaper. Bulls say this is a new era, in which fundamental changes have rendered the old criteria useless. What's your opinion?

A. I'll quote Bob Farrell of Merrill Lynch: "There's so much change in new investment eras, only investment eras that go to new extremes, and there's never been an investment extreme that has been created that was not thoroughly rationalized and justified at the time that it was being created."

This is no new era, this is a bubble, pure and simple, just like what we experienced in the 1920s and what the Japanese experienced in the 1980s. The economy looks great because of the excess credit provided to the system by innumerable sources. However, this excess credit has led to malinvestment, which will eventually lead to a bust, which will be very, very painful.

Q. Prudent Bear lost 4.3 percent

last year, not bad at all considering the 33.4 percent gain in the S&P 500. So far this year, you've been creamed. What happened?

A. This has been a bad period for us. We have been heavily invested on the short side because we felt that the decline would come at any time, with corporate earnings slowing and with the Asian problems intensifying. Obviously we have been wrong. Our good 1997 performance was partially due to the fact that we were so heavily short in the October decline, and we are ready again. We have also been hurt by being short a few stocks that have been heavily short and being squeezed.

Q. What kinds of stocks make the best short-sale candidates?

A. We are careful in the stocks that we short. We don't make pure valuation shorts, only companies that are experiencing deteriorating fundamentals or where we have a strong view that the company will fail to meet earnings expectations.

pecations. Amazon.com can sell a lot of books, but they can't make any money at it, or do they expect to for some time.

Q. The bull market is a global phenomenon. Do you have any foreign short positions?

A. Yes, we are short the WEBS [World Equity Benchmark Securities] for Hong Kong and Spain, and we're short Telefonos de Mexico and the Mexico Fund. We're also short Lukoil Holdings, the largest Russian oil company, as a proxy for the Russian market.

Q. How do you time a short sale? Do you try to call a top or wait until a decline is under way?

A. We generally won't short a stock that's still going straight up. We'll wait until we identify some ropping action. We're interested in the stock starting to roll over and for the money flow to start to slow down. This could depend, however, on if we are aware of a specific catalyst that is close at hand.

Q. Do you trade S&P 500 index futures or only buy and sell individual securities?

A. We will occasionally use futures contracts to either get more short in the event that we have substantial fund inflows, and occasionally we might buy futures to reduce our net exposure to the market yet remain in individual short positions.

Q. How do you know when to cover your positions?

A. We cover shorts when we believe the risk/reward profile has changed. We look at each stock every day, based on the current fundamentals and the current price and don't care so much if we are down or up in the position. If the momentum is going up a lot and we don't see anything that will change fundamentally in the near term, we very well could cover.

Q. Which trade are you more likely to close out, one with a 20 percent profit or a 20 percent loss?

A. The probability is more likely that we will close out a 20 percent loss, but not by much. We look at stocks independently of where we entered a position. A lot of shorts we would expect to fall more than 20 percent, but if we believe that sentiment has gotten too negative short term, we could cover.

Q. Your fund's brief is to be short when the dividend yield on the S&P 500 is less than 3 percent and long when the yield is more than 6 percent. Can you imagine being long again in your lifetime?

A. I think it is very possible that we will return to 6 percent dividend yields again with the next market decline. If not 6 percent, then at least 4.5 percent. It is hard to believe but a 6 percent dividend yield is very possible. The emotions for holding stocks fluctuates. Now people love them; in the future they will hate them.

FOR INFORMATION about the Prudent Bear Fund, call 1-214-686-2474, or toll-free in the United States, 1-888-778-2327, or see the Web site at www.prudentbear.com

Montserrat: The Ultimate Investment Getaway

By Aline Sullivan

EVEN THE MOST extreme contrarians need to relax. Where better to buy a place in the sun than on the ravaged Caribbean island of Montserrat?

In the three years since the Soufriere Hills volcano rammed to life there, three quarters of the British colony's 11,000 residents have fled and 90 percent of its buildings have been abandoned.

Expatriate villas that cost from \$300,000 to \$1.8 million in the early 1990s are available for 20 cents on the dollar, down from 50 cents on the dollar just a few months ago.

Viewing the properties in this contrarian paradise can prove difficult, however. Some are buried under as much as 20 feet (6 meters) of ash, according to Paula Dutcher, a partner at West Indies Real Estate Ltd. in Montserrat.

Plymouth, the capital, is a ghost

town; the hotels, golf course and tennis courts are all closed. More importantly, insurers have stopped underwriting earthquake or volcano coverage and banks have stopped lending.

Worse still, the volcanologists continue to argue among themselves. Some think that another few months of calm — there has been no new volcanic activity for eight weeks — could signal that the worst is over. Others warn that volcanic activity might last as long as 50 years.

An agent at the real-estate firm Montserrat Enterprises certainly sounded gloomy.

"We have had no sales in the expatriate market since the volcano became active," the agent said, "and I don't know when things are going to get better."

Ms. Dutcher said she was confident that real-estate values would soon rise, however. Many of those who have fled, including many American, British and Canadian retirees, are keen to

return and some locals have been buying land. Britain has pledged to build a new airport and to undertake extensive development in the north, where much of the expatriate community lives.

But she acknowledges that the island's woes have discouraged even the most courageous outside investors.

"There has been plenty of interest from high-risk investors but few sales," said Ms. Dutcher.

"That's partly because about two-thirds of the island has to be resurveyed before it can be sold," she added. "We have lost some land because gullies and ravines have been filled in, but we also have gained six new deltas with beaches."

Real estate does not get any more pristine than that. Contrarians bored with the relative calm of other resorts should feel right at home.

For further information:

• WEST INDIES REAL ESTATE LTD. Telephone: 1-664-491-8666

• MONTSERRAT ENTERPRISES LTD. Telephone: 1-664-491-2431

May 15 1998

For information on how to list your fund, fax Katy Hour at (33-1) 41 43 92 12 or E-mail: funds@int.com
To receive free daily quotations for your funds by E-mail, subscribe at askinfo@int.com

999 Other Funds

AS - Australian Dollars; AS - Austrian Schillings;
BF - Belgian Francs; CS - Canadian Dollars; DM -
Deutsche Mark; Dk - Danish Kroner; Du -
Dollars; ECU - European Currency Unit; FF -
French Francs; FM - Finnish Mark; FL - Dutch
Florin; IDR - Indonesian Rupiah; IL - Israeli New
L - Luxembourg; Lp - Pence; MYR -
Malaysian Ringgit; P - Peseta; S\$ -
Singapore Dollars; SF - Swiss Francs; S\$ -
Swedish Kroner; THB - Thai Baht; Y - Yen;

* asked - * Offer Prices; N.A. - Not Available
N.C. - Not Communicated; * Now -
suspend; S - Stock Split; * Ex-Dividend -
* Ex-Rtz - * Offer Price Incl. 2% price charge;
* Paria exchange - * Amsterdam exchange;
* earlier - * non registered
regulatory authority; P - inside of bid and offer
price; R - net price; Y - price calculated
from price to purchase

Paradise Lost: A
New York: Penguin

Times Like These

THE MONEY REPORT

A Preferred Stock Revival,
With an International Twist

More Hybrid Shares Now Issued Outside U.S.

PREFERRED STOCKS are enjoying renewed popularity beyond their traditional base in the United States, according to a recent study by Moody's Investors Service, as banks begin to use these securities to acquire the kind of capital favored under international rules.

The study also found that owners of highly rated issues had little likelihood of suffering missed payments, although riskier preferreds had a marked susceptibility to losses.

Sean Keenan, one of the authors of the study, noted that Nippon Credit Bank Ltd. and Long-Term Credit Bank of Japan Ltd. decided this year to sell preferred shares to the Japanese government, overcoming a long-standing reluctance of the industry to offer these securities.

Moody raised by selling qualified preferred stock counts as tier one capital, which is cash that must be set aside to support lending activities.

Preferred stocks are hybrid securities, with elements of equities and of debt. Like bonds, they pay a stated interest rate, usually fixed, and the owners rarely have any say in how the issuing company is run. But preferred shareholders rank below all classes of bond investors in a bankruptcy, which, Moody's said, is one of the riskiest factors.

Additionally, failure to pay dividends does not trigger a bankruptcy, although missed payments can lead to board representation for preferred shareholders. Even so, a company has far stronger reasons not to miss bond payments than to miss those due to preferred shareholders.

Unlike bonds, preferred shares do not have a maturity date, but issuers often have the right to call them in, redeeming the securities at specified prices. Unless the preferred shares are convertible into common stock, as some are, the holders do not benefit much if the issuing company does well.

What attracts investors to preferred

stocks is the dividends, which typically are higher than the interest payments available on bonds, which are almost always cumulative, meaning if the issuer misses one, it must eventually make it up or it cannot pay dividends to its common shareholders.

These factors have made preferred shares popular with conservative investors, Mr. Keenan noted. But historically, the market has largely been limited to issuers in the United States, who, at the end of 1997, accounted for 908 of the 992 issuers of corporate preferred stock that Moody's has rated. British issuers followed, with 25 issuers. The study does not include preferred stock issued by mutual funds or structured-finance vehicles.

Before the 1980s, most preferred stocks were issued by utilities and energy companies, but industrial and financial companies then began selling the securities. By the end of last year, financial companies accounted for 42 percent of the \$209 billion face value of outstanding preferred stocks.

Moody's rates preferred stocks on a scale that is similar to its bond ratings, although companies often have different grades for each kind of security. The preferred rating is usually, but not always, the same or lower than the rating of a company's senior unsecured bonds.

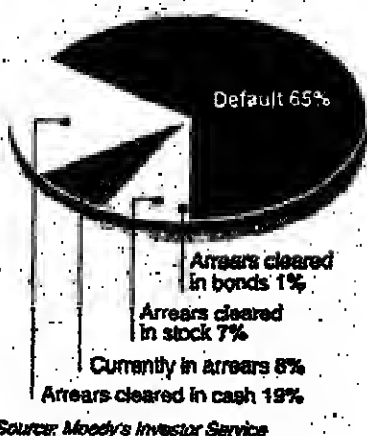
Holders of preferred stocks rated as investment grade by Moody's seem to have little to worry about. For those in the top two classes, "aaa" and "aa," there is virtually no chance that the issuer will miss a dividend payment in the prospective 12-month period.

From Jan. 1, 1980 until the end of last year, there were 99 issuers that passed dividends or defaulted on one or more classes of their preferred stocks. On the day before the defaults, only one issuer, Johns Manville Corp., carried an investment-grade rating, and that was a lowly "baa2," which is not far above the junk level.

Based on the results of that period,

Missed Dividends

Frequency of resolutions to preferred stock dividend omissions



Source: Moody's Investor Service

there is a 0 percent risk of dividend impairment on "aaa" and "aa" issues, 0.05 percent for "a"-rated issues and 0.35 percent for "baa" issues, the lowest in the investment-grade category.

Below investment grade, the odds are considerably worse: "ba" issues bear a 2.62 percent impairment risk and shares rated "bb" a 7.92 percent risk. Lower-rated issues already are in arrears or are likely to be so.

Not only do the low-rated preferreds have far higher risks of missed payments, but they stand a far greater chance of severe losses afterward. About two-thirds of the impaired issues eventually default, but some companies clear their arrears either in cash, which does not hurt investors too much, or by issuing other securities. A year before dividend impairments that were cleared in cash, the average issuer had a "ba3" rating, while the average for defaulters was "bb1."

If a defaulted company declares bankruptcy, preferred shareholders can expect to recover very little of their investments because they rank below lenders. Senior bank lenders recover about 71 cents on the dollar owed, Moody's found, while senior unsecured bondholders are paid 51 cents and junior unsecured debtors get about 19 cents. Preferred stockholders recover about 10 cents.

International Herald Tribune

To Win the Merger Game, Don't Play

For Investors, Odds of Cashing In on Corporate Takeover Mania Are Slim

MERGER MANIA is sweeping Wall Street. Want to cash in? It looks easy. Deals are headed for the trillion-dollar mark this year for the first time in history. In less than five months, a total of \$655 billion in U.S. acquisitions has been announced compared with \$917 million for all of last year, reports Securities Data Co. Lucky shareholders are reaping windfall profits.

When Citicorp announced its deal with Travelers Group Inc. on April 6, the bank's stock shot up 26 percent in a single day. The acquisition

makes sophisticated digital-switching equipment. My friend tripled his money with Yurie, but he wanted the stock as a long-term holding that might rise by a factor of 10 in a decade or so.

Most recent takeovers have been stock swaps, which is no surprise, since shares, as a currency, seem more inflated than dollars.

So the big question is whether the stock of a takeover target is whether to keep your shares in the new combined company or to sell them for cash. The best advice: sell (unless the tax con-

sequences are truly awful). Academic research indicates that the merged company is unlikely to outperform the market as a whole.

In his book, "The Synergy Trap," Mark L. Sirower of New York University notes that "few, if any, corporate decisions can change the value of a company as quickly or dramatically as a major acquisition."

Unfortunately, he adds, "creating shareholder value remains the most elusive outcome of this approach."

In addition, if you own a stock, you probably understand the company and bought it for a good reason, but you are likely to know little about the acquirer.

Examples of disastrous buyouts abound. Quaker Oats Inc. bought Snapple Beverage Co., the trendy fruit-juice maker, in 1994 for a lofty \$1.7 billion, then had to unload it in 1997 for just \$300 million. AT&T Corp. bought NCR Corp. in 1991 for \$7.5 billion and proceeded to rack up losses of nearly \$4 billion before finally shedding it as a separate company. Novell Inc., a computer network company, lost a stunning \$700 million (half the purchase price) on its 1994 buyout of WordPerfect Corp.

One problem is that the acquiring company simply pays too much. Mr. Sirower points out that "premiums paid over the past 10 to 15 years are as

much as five times the premiums paid during the 1960s and early '70s, when acquisitions on average created value for shareholders."

Other reasons mergers go poorly include the acquirer's lack of knowledge about the company it is buying (shocking, but often true), the absence of a strategic rationale for the purchase and the blinding lust for fame and power by the chief executives.

One study found that 44 percent of the companies that were acquired were later sold off — and, in about half the cases, unhappily. In fact, many of the best opportunities can be found in spin-offs, in which large companies break themselves up into more sharply defined parts.

Joe Cornell, who specializes in spin-offs for High-Yield Analytics Inc., a Chicago research firm, said that his "best idea" was Kansas City Southern Industries Inc., which has announced that it will spin off its financial subsidiaries this fall. It owns two mutual-fund houses, Janus Capital Corp. and Berger Associates Inc., as well as a 41 percent interest in DST Systems Inc., which provides computer-processing services to mutual funds, a booming business.

Mr. Cornell figured that with its component parts sold separately, Kansas City Southern is worth about \$64 a share. He recommended it to institutional clients a few months ago at \$36; it is now \$45.

"This is pretty much a lay-up," he said, "as the spin-off nears and the value of the company becomes more transparent."

Washington Post Service

For further information:
• HIGH-YIELD ANALYTICS, Telephone: 1 312 922 0200; fax: 1 312 922 3112.
• THE MONEY REPORT carried articles about spin-offs on May 10, 1997, and Dec. 20, 1997. These articles are available on the Internet at www.ihtrib.com/INTERNET/MONEY.

• STRONG SCHAFFER VALUE FUND, Telephone: 1 414 350 1400, or toll-free in the United States, 1 800 368 1020.
• THE SYNERGY TRAP, by Mark Sirower, Published by the Free Press, \$25. See the Web site at www.stern.nyu.edu/~mcsweeney/book/index.html.

BRIEFCASE

Cruise-Line Stocks
Steaming Ahead

If you had bought cruise-line stocks in December, when analysts recommended them to The Money Report, you might have made enough money to take a vacation on one of their most luxurious ships by now.

Like temperatures in the Caribbean where they cruise each winter, the stock prices of the two major cruise lines, Carnival Corp. and Royal Caribbean Cruises Ltd., have been soaring. Carnival, which was trading around \$52 in December, was at about \$70 on Friday, after announcing a stock split.

As recently as four months ago, analysts were predicting a 12-month high in the upper \$50s.

At Royal Caribbean, the story is equally rosy. Rising ticket prices and cost savings related to its purchase of Celebrity Cruises, a smaller line, boosted first-quarter net income to 88 cents a share, up from 58 cents a year earlier, beating analysts' estimates of 79 cents. The Miami-based cruise operator closed the week at \$69, compared with \$48 in early December.

The fundamentals of the business continue to look very strong," said James Winchester of Lazard Freres, one of several analysts maintaining buy ratings on both stocks. Noting that aging baby boomers are spending sizable sums on leisure, he added, "Both companies are able to raise ticket prices and shipboard spending is also going up."

An unexpected boost to sales came from the "Titanic effect." Although it is decidedly short-term, cruise lines report that the hit movie has convinced even confirmed landlubbers to try shipboard life — and one, it seems, is worried about icebergs. (IHT)

THE ARTICLE "Snow, Sea and Sun: Investment Europe for the Day After Tomorrow" from the Dec. 6, 1997 issue of The Money Report can be viewed on the International Herald Tribune's Web site at www.ihtrib.com/INTERNET/MONEY/120697/money120697c.html

Shiny Quarter At Women's Fund

For the first time since its inception, the Women's Equity Mutual Fund, the only U.S. mutual fund that screens companies solely for their policies toward women, has outperformed the Standard & Poor's 500-stock index, if only by a smidgen. Bumping itself up from a two-star to a

three-star rating from Morningstar Inc., the fund's first-quarter return of 15.59 percent just slightly outdid the S&P rise of 15.08 percent.

The fund's fund has had difficulties since it was created by Linda Pei and Leslie Christian in October 1993. The sponsor, Pro-Conscience Funds Inc., let go of its first money manager in May 1995 because, according to Ms. Pei, he was a "market timer."

Since then, the fund has been managed by U.S. Trust Co. of Boston.

A bad first quarter in 1997 caused U.S. Trust to reorganize the holdings, shedding most of the smaller companies in the portfolio.

"We basically increased emphasis on growth companies and increased our market capitalization to emphasize large companies," said the new fund manager, Maria McCormack.

Industries represented in the fund include technology, pharmaceuticals, financial services and technology, with some of the larger holdings in companies such as BankBoston Corp., Schering-Plough Corp., Federal National Mortgage Association, Avon Products Inc. and Lucent Technologies Inc.

With only \$7.25 million in assets, the Women's Equity Fund is among the smallest U.S. mutual funds. Because it has not yet been able to afford a marketing campaign, Ms. Pei said, the fund's shareholder count has been kept to a modest 600. A recent survey of those investors revealed that the majority of respondents found the fund by word of mouth. Ninety percent of the shareholders who responded were women and most were 40 to 55 years old.

The fund invests only in companies that satisfy a list of 10 criteria. For example, they must promote women to top executive positions, have a high percentage of women on the board, and use women-owned companies as vendors and service providers. Companies the fund avoids are those that have patterns of Equal Employment Opportunity Act violations and that use sexist stereotypes in the workplace or in advertising.

Most socially responsible funds screen for gender diversity, including the four-star Domini Social Equity Fund, which gained about 36 percent for all of 1997, when

the Women's Equity Fund returned 29 percent. (IHT)

For further information, contact:

• DOMINI SOCIAL EQUITY, by fax at 212 352 9222 or by telephone in the United States at 1 800 783 6814. The fund is open to investors from all countries but it does not have a direct phone number for overseas callers. It does have a Web site, www.domini.com, and the mailing address is Domini Social Investments, Post Office Box 559, New York, N.Y. 10159.

• THE SOCIAL INVESTMENT FORUM, an industry group for socially responsible investing, by phone at 1 202 872 3342 or on the Internet at www.socialinvest.org.

• THE WOMEN'S EQUITY FUND, by phone at 1 415 347 9135, or toll-free in the United States, at 1 800 383 7403. Its Web site is www.womensequity.com.

Firms Favor U.S. For Relocation

The United States was the most frequent employee relocation destination in 1997, according to a report by the relocation company, Cendant Mobility, which cited an increasing tendency of multinationals to bring foreign nationals to the United States for training, technology transfer and development instead of sending Americans abroad.

U.S.-based multinationals have increasingly chosen to bring foreign nationals to the United States for short-term assignments of six to 24 months.

"This bolsters the effectiveness of the organization as a global entity while simultaneously reducing reliance on U.S. expatriates to run overseas operations," said John Arcario, an executive of the Cendant Corp. unit.

Britain and Singapore were the second- and third-most popular destinations, followed by Mexico, Hong Kong, China and Indonesia, which is expected to lose some of its attraction in 1998, Mr. Arcario said.

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Paradise Lost? A Takeover
Of Workers' Dream Factory

Owners Who Coddled Staff Sell U.S. Gasket-Maker

By Robert D. Hershey Jr.

With descendants of Albert Mecklenburger, the founder, convinced that a contented factory is a productive one, generations of Fel-Pro Inc. workers have enjoyed some of the lush benefits in corporate America.

Vacations as long as 12 weeks, scholarships, summer camp for their kids, a fitness center, tutoring, an extra day's pay on one's employment anniversary and birthday, profit-sharing, generous grants to neighborhood groups in which workers volunteer, Illinois's first licensed day-care center, use of a 250-acre corporate retreat.

Not to mention solid health and pension plans, an alluring pro-opportunism policy that has meant that two-thirds of today's 1,900 headquarters-plant employees have had relatives on the payroll at one time or another and such gestures as a ham at Easter, a turkey at Christmas and candy for Valentine's Day. Sculpture gracing the plant is the work of the gasket-maker's one-time artist-in-residence.

Any threat to job security for the supplier to the automotive industry, meanwhile, has been largely eliminated by a sizable temporary staff to cushion periods of slack business.

"They coddled and spoiled us," acknowledged David Beller, a white-haired tool-and-die maker with 20 years at Fel-Pro. "They were very generous to their employees."

But circumstances have suddenly changed, as Mr. Beller's use of the past tense hints. In mid-January, scarcely a month after the family owners announced that they intended to put the 80-year-old company up for sale, word came of a takeover by Federal-Mogul Corp., a gritty Michigan company four times Fel-Pro's size that not long before had been losing money as a result of a misguided strategic plan.

Not surprisingly, a large cloud has formed over this virtual workers' paradise as employees confront the inevitable unease and search for reassurance about their prospects under a traditional profit-maximizing regime.

"Everybody's nervous," said Lucy King, a 34-year-old veteran of Fel-Pro's packaging operation. "We really don't know what to expect. It's scary."

Yet while nervousness is widespread — and magnified by the jarringly quick dispatch of a few dozen marketing, accounting and other support people to Federal-Mogul's headquarters in Southfield, Michigan, or to unemployment lines — Fel-Pro workers take comfort in the strong demand for gaskets that seems likely to keep the sleek, 1-million-square-foot (92,900-square-meter) factory humming in Skokie, Illinois, just north of Chicago.

They also point to various provisions of the \$720 million stock and cash deal that the selling Fel-Pro families negotiated with Federal-Mogul's chairman, Richard A. Snell. Under the agreement, various benefits are to be kept in place for specified periods while others will be replaced with those of its new parent. Federal-Mogul has agreed to maintain all of Fel-Pro's benefits in the near term in their

current form," employees were told as they learned in mid-January of the takeover. Indeed, Mr. Snell said in a recent interview, "the first agenda item" in negotiations with the selling Lehman, Weinberg and Morris families was Fel-Pro's special corporate culture of oar-woman-to-lomb beneficence.

Nevertheless, interviews with employees here found considerable skepticism about how they would fare under Federal-Mogul, which at the same time is trying to digest its considerably larger acquisition of the British automotive supplier T&N PLC.

Generally, these workers seemed resigned to eventually losing most of the lesser fringes — the profit-sharing plan has already disappeared — while hoping for the best on such vital interests as medical and retirement plans and holding on to their jobs.

"You can never say with a big company like Federal-Mogul," said Frank Denis, a 26-year-old worker in the paper unit whose mother, sister and an aunt all work or worked for Fel-Pro. "If things go down, the company's going to have to make adjustments."

One source of uneasiness is Mr. Snell's stated intention to build what he calls an "all-star" team drawn from the best talent and practices in the entire company. This principle will govern any shrinkage of the workforce, which Federal-Mogul in late April estimated would be about 4,200 of its new worldwide total of 41,000, much of this by attrition.

Sensing an opportunity, the United Auto Workers has already expressed an interest in organizing the Fel-Pro workforce, which until now has stoutly resisted union overtures.

It turns out that Kenneth Lehman, who served seven years in various Peace Corps posts before joining the family business and rising to co-chairman, will not join the Federal-Mogul board as intended when the deal was announced. The reason, according to Mr. Snell, is that board service could pose a conflict for Mr. Lehman as administrator of family trusts, possibly inhibiting, for example, the sale of Federal-Mogul shares because of his status as company insider.

"They've got a big challenge on their plates," Mr. Lehman said of Federal-Mogul management the week after the deal closed in late February. "They will be trying to forge a new culture for a big new global company."

Sounding not entirely confident, Mr. Lehman added that if Federal-Mogul were convinced that treating employees well improves the bottom line, "they hopefully they'll use us as a model."

But that is not certain, judging by what typically occurs in such situations, said Jim Sillery, senior consultant at Watson Wyatt Worldwide, a Chicago management consultancy.

"The culture of the acquirer tends to become dominant," he said. "Fel-Pro's benefits will begin to look a lot like Mogul's." He noted that agreements covering benefits are subject to interpretation, and added, "I think it's going to be inevitable."

New York Times Service

In Times Like These, for Thick-Skinned Investors Only

Continued from Page 17

International companies, contrarian and value-oriented plays have not done well," Mr. Lipper said. "That's likely to change because

everything in this business is cyclical. But I don't know when. There is no sign of it happening yet."

For further information:

A SHORT LIST of books about contrarian investing can be found at www.aucti.com

mutual.com/books/contrarian

• COMSTOCK CAPITAL VALUE FUNDS, Telephone: 1 800 855 2520 or toll-free in the United States, 1 800 352 9910. Web site: www.comstock.com

• CRABBE HUNTON, Telephone: 1 503 225 0919 or toll-free in the United States, 1 800 541 9732. Web site: www.crabbe.com

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WORLD ROUNDUP

Is Piazza a Marlin?

BASEBALL The Los Angeles Dodgers are on the verge of trading Mike Piazza to the Florida Marlins for Gary Sheffield, Bobby Bonilla and Charles Johnson in a seven-player swap, sources close to the team said Friday.

The only thing holding up the trade was Sheffield's approval, sources said, and there was no immediate word on when that might come. Sheffield, his agent and the Dodgers were expected to begin discussing the deal on Friday.

The Marlins were also to receive Todd Zeile, and the Dodgers would get Jim Eisenreich plus a player to be named, the sources said. In all, the salaries of the players involved total nearly \$110 million. (AP)

No Quest for Coronado

HORSE RACING Coronado's Quest, one of the favorites in the Preakness, was withdrawn Friday from the race after bruising his right hind foot.

Coronado's Quest was the third major horse to be taken out of the race to be run Saturday. On Tuesday, Halory Hunter broke an ankle and Indian Charlie withdrew after performing poorly in training. Coronado's Quest hurt his foot while training in New York, a race spokesman said. (AP)

Seles's Father Dies at 64

TENNIS Karoly Seles, the father and coach of the tennis star Monica Seles, died Thursday in Sarasota, Florida, after a long bout with stomach cancer, her agent confirmed on Friday. He was 64 years old.

Seles, who returned home to Florida after her defeat at the Italian Open last week, was with her father when he died, according to her spokesman. (Reuters)

Webber Gets Shipped Out

BASKETBALL The Washington Wizards traded a problem child for two veteran gentlemen, sending Chris Webber to the Sacramento Kings in exchange for Mitch Richmond and Otis Thorpe.

"We gave up a tremendous young talent in Chris Webber—we got a tremendous, mature leadership-type individual in Mitch Richmond," said Washington's general manager, Wes Unseld. (AP)

Kournikova Conquers Hingis

The Associated Press

BERLIN Anna Kournikova picked up the biggest victory of her career Friday at the German Open, stunning top-seeded Martina Hingis in two hard-fought sets in the quarterfinals.

Kournikova, whose spectacular game has led some to believe she could one day top the world rankings, let three match points slip away before ousting Hingis, 6-3, 7-6 (7-1), at the \$926,000 event.

"I've been praying this win would come," said Kournikova. "I'm just very, very happy."

Hingis, the world's top-ranked player, had knocked the 16-year-old Russian out of three of the past four Grand Slam events, losing just one set in their four previous meetings.

Kournikova, still seeking her first title, will face Conchita Martinez in Saturday's semifinal, after the Spaniard beat Japan's Ai Sugiyama, 6-3, 6-3.

Jana Novotna, the third-seed Czech, also advanced with a 6-3, 5-7, 6-3 triumph against Romania's Irina Spirlea. She will face 18-year-old French qualifier Amelie Mauresmo, who ousted Austria's Barbara Paulus, 6-4, 6-2.

Just one day earlier, Hingis dismissed talk that Kournikova was another emerging rival for her No. 1 status after the American Venus Williams, who has chalked up two victories against her.

"I know she can play, but she's never shown it against me," said Hingis, 17. "She was always too nervous."

Kournikova has risen from the world's 324-ranked player to No. 16 this year, beating four top 10 players at the Lipton Championships to reach her first final. But the Russian's path to the top has often been blocked by Hingis.

"I didn't really think about who was on the other side of the net," said Kournikova. "I just played my game. I think she was surprised by that."

But, leading 5-2, 40-15 in the second set, Kournikova let all three match points slip away on errors. "She tried to kill the ball," Hingis said. "I tried to give it to her but she wouldn't take it."

Kournikova rebounded to rout Hingis in the tiebreaker, ending a long rally by slamming a forehand deep into the corner for a 2-0 lead, then never letting up.

"It's nothing to cry about," Hingis said. "I'll be ready for the French Open."

Chang Crashes at Italian Open

A day after outshining No. 1 Pete Sampras, Michael Chang failed to put up much of a fight against the unseeded Spaniard Albert Costa, losing in straight sets Friday in the Italian Open quarterfinals. The Associated Press reported from Rome.

Costa, who won the German Open clay event last week when his opponent in the final withdrew citing exhaustion, dictated the pace against Chang and won, 6-2, 6-1, in about an hour.

Costa set up an all-Spanish semifinal

against No. 12 seed Alberto Berasategui, who beat Brett Steven, 6-4, 6-2.

Chang, the 15th seed, looked nothing like the player who beat Sampras at his own game in the third round. In that match, Chang banged serves and struck ground strokes with authority.

But against Costa, the American served poorly and was broken twice in the first set and three times in the second. Chang also was erratic from the baseline, repeatedly spraying shots long, wide or into the net.

The loss dampens Chang's prospects heading into the French Open later this month. It is the only Grand Slam played on clay, and the lone major title Chang has won, in 1989.

The reigning French Open champion, Gustavo Kuerten, tuned up for the defense of his only tour title by moving into the semifinals here with a 6-3, 6-4 victory over the Spanish qualifier Fernando Vicente.

Rain fell intermittently during the match, a strong contrast to the heat wave that gripped the Foro Italico from the start of the tournament. "Because of the rain, I tried to play simple tennis," said Kuerten, the eighth seed.

The Brazilian, nicknamed "Guga," reached his second semifinal of the season. At this time a year ago, Kuerten was ranked 69th by the ATP and was playing in a challenger tour event. But his victory at Roland Garros vaulted him up the rankings and he now stands ninth.



Kournikova celebrating her first victory over Hingis, in Rome on Friday.

The NCAA's Business: Is It Education, or Lining Its Pockets?

International Herald Tribune

BOSTON — America's college sports system is envied around the world. Champions from other countries have benefited from it, in track and field and basketball especially.

From abroad, it may seem the essence of the American Dream that thousands of teenagers can receive a university education for free, as well as the chance to grow athletically at the highest level. The mind and the body are cultivated at the same time.

But the system is flawed — hopelessly so at its highest levels.

This past week, the basketball coach Jim O'Brien sued his alma mater and former employer, Boston College, for \$185,000, which he claims he is owed on a coaching contract from two seasons ago. In the lawsuit he claims that the school showed "an apparent bias against African-American" athletes.

At its core, the lawsuit is an argument

over why the school denied admission to two teenage basketball players of questionable academic competence.

In his lawsuit, O'Brien claims that the university's director of admissions, John Mahoney, discriminated the grades and test scores of both players because they came from poorly-rated high schools.

The complaint adds that Mahoney expressed reservations about the mother of one of the players who "appeared to have nasal problems that Mahoney suggested may be related to drug use."

"These are reckless and irresponsible charges," said Boston College's president, the Reverend William Leahy, of the lawsuit. He said that O'Brien's characterization of Mahoney was not true and added, "I am here to tell you that Boston College is not a racist institution."

The charges of racism have created the

predictable bonfire of opinion in Boston, which was home to the school busing riots three decades ago. The larger issue raised by the lawsuit involves the hundreds of schools that attempt to play big-time college basketball or football—the big-money sports. Are these schools in the athletics business for the purpose of educating students? Or are they in it to win trophies and make money?

The university presidents would tell you that the question is not as simple as that. Indeed, the income from a relatively few nationally televised football and basketball games pays the way for thousands of student athletes to compete and earn academic degrees. A successful football team encourages more donations from alumni, which can lead to new student dormitories and academic buildings.

"Boston College can have excellence in academics and athletics, and I'm committed to that," the college president said this week. He named Duke, Stanford, Notre Dame and Michigan as models.

Either the president was fooling himself, or he was trying to fool his constituency. BC is not held in such high regard as Notre Dame or Stanford—the rare schools which are able to recruit great players who are also good students. Such student athletes can have their pick of virtually any university in the land, all tuition paid. If a college like BC wants to compete for the national championship, it is going to have to recruit athletes who are risks academically. Which is just, O'Brien says, what it failed to do.

It comes down to this charade. The schools and the coaches make millions of dollars by recruiting teenage athletes who aren't entitled to a penny of this

income. Now that college sports has become a billion-dollar industry, cracks are starting to appear in the NCAA's foundation.

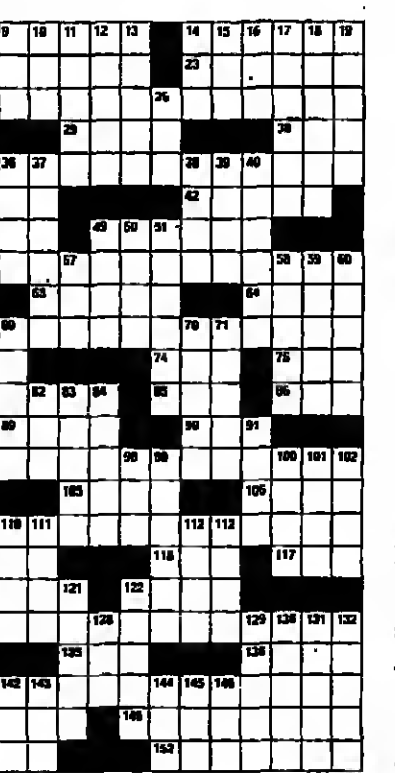
It is one thing for a coach to argue privately or even publicly that his school should "look the other way" and admit athletes for the sake of their athleticism. That kind of debate has been going on for years. It is another thing entirely, however, for a coach to file a lawsuit claiming that the school was *incorrect* in denying a scholarship, or even admission, to a student of questionable academic ability. Where one lawsuit goes, more are sure to follow, and you wonder just how much longer the National Collegiate Athletic Association can keep filling its own pockets, denying money to the athletes and at the same time pretending they are students.

Ian Thomsen is a senior writer for Sports Illustrated magazine.

GREEN EGGS AND HAMLET By David J. Kahn and Hillary

- ACROSS
- 1 Be unwarrantably bold
 - 8 Occultism
 - 14 Modus operandi
 - 20 One seen at trackside
 - 22 Moonstruck
 - 23 Lizard with a serrated crest
 - 24 Start of an imaginary soliloquy
 - 27 Inoffensive
 - 28 Accepted
 - 29 Kind of ticket
 - 30 Enzyme suffix
 - 31 Part 2 of the soliloquy
 - 41 Walker's aid
 - 42 Uris novel "—18"
 - 43 Buddhist who has attained Nirvana
 - 44 Sister's charge
 - 47 Halfwit
 - 48 Tierra-Fuego bridge
 - 49 Spirited meeting?
 - 52 Part 3 of the soliloquy
 - 61 Ref's call
 - 62 Part of many Arab names
 - 63 Favorite
 - 64 International money
 - 65 Part 4 of the soliloquy
 - 72 Prefix with nucleotide
 - 73 French cleric
 - 74 Controversial teachings
 - 75 Promising words
 - 76 Part of a G.I.'s address
 - 79 50's baseball nickname
 - 81 Samantha's daughter on TV
 - 85 1976 album "Ole —"
 - 86 Declinations
 - 87 1939 Humphrey Bogart role
 - 88 Rattling trains
 - 89 Catch, as flies
 - 90 Type

- 92 Part 5 of the soliloquy
- 103 To me, to Mimi
- 104 Psychoanalyst Fromm
- 105 Introduction to marketing?
- 106 Picnic spoiler
- 107 Part 6 of the soliloquy
- 114 Popular van
- 115 She's a deer
- 116 Kind of tin
- 117 Brillo rival
- 118 Entanglement
- 120 Holds
- 122 Pickle place
- 123 Part 7 of the soliloquy
- 133 Track place
- 134 Airport feature
- 135 Soliloquy's org.
- 136 Gensan V.L.P., once
- 137 End of the soliloquy
- 147 Put on ice
- 148 Arbitrates
- 149 Bawl out
- 150 One of the Munsters
- 151 It has its ups and downs
- 152 African menaces



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- DOWN
- 1 Smarten up
 - 2 Ham's need
 - 3 Dangerous bacteria
 - 4 Lets fly
 - 5 Actor "Tognazzi"
 - 6 Zinger
 - 7 Elusive one
 - 8 Word with wheel or engine
 - 9 At all
 - 10 Dog-scolding word
 - 11 "What's in —?"
 - 12 Put aboard
 - 13 Land around the Brahmaputra Valley
 - 14 Station in space
 - 15 Something to stroke
 - 16 King of song
 - 17 "Very funny!"
 - 18 Quick round of tennis
 - 19 Stunt man, e.g.

- 19 Tail
- 20 A year in the life of St. Anselm
- 21 Barted
- 22 Muzzles
- 23 Popular snack
- 24 Cracker
- 25 Explosives
- 26 Parched
- 27 Oberhausen one
- 28 — lay me down
- 29 Target of a bang-up job?
- 30 Actress Taylor
- 31 Sinner
- 32 Bandage
- 33 Legit
- 34 Gulf war weapons
- 35 Father-and-daughter actors
- 36 Swagger
- 37 Depot abbr.
- 38 Narc activities
- 39 Person with a mite
- 40 1982 Michener epic
- 41 "Bali —"
- 42 Word on a ticket
- 43 Teams up with
- 44 Type size
- 45 Reminders
- 46 "Nightmare" street
- 47 Kitty in "The Killers," 1946
- 48 Hamilton is on it
- 49 Flower on a French shield
- 50 Author LeShan
- 51 Just-hired
- 52 Common
- 53 possessive
- 54 It has a bite and hops

'Superman' Hasek Leads Sabres' Sweep

By Ed Willes
New York Times Service

MONTREAL — Dominik Hasek, as his Buffalo Sabres teammate Dixon Ward asserts, may be as mortal as the next guy. But you couldn't prove it by the Montreal Canadiens.

"He's a human being," Ward says. "He just plays like Superman some nights."

On Thursday night, Hasek sent the Canadiens home for the season and propelled the Sabres into the National

seven straight playoff games. The Sabres, who finished sixth in the East, now face the winner of the Ottawa-Washington series, which Washington leads, three games to one.

"The bottom line in this series was written by one man, and his name was Hasek," the Montreal coach, Alain Vigneault, said. Over the four games, the Canadiens outshot Buffalo 158-119.

"Look at it this way," said Andy Moog, who started in goal for Montreal. "They had eight, 10 scoring chances. He faced 20 or 25. That was the theme of the series."

Hasek, who set the tone for the series with a 46-save performance in the Sabres' 3-2 overtime victory in Game 1, was beaten by Martin Rucinsky in the second period, but swallowed everything else the Canadiens threw at him as Montreal outshot Buffalo, 38-18.

The Sabres converted one of their few

chances when Matthew Barnaby opened the scoring. Buffalo got second-period goals from Donald Audette and Miroslav Satan.

Barnaby scored early in the first period after the Canadiens' Turner Stevenson took a minor penalty for slashing Hasek. Barnaby, who leads the Sabres' playoff scorers with 10 points, converted Derek Plante's rebound for his fifth goal of the playoffs. He had five goals in the regular season.

The Associated Press reported: Red Wings 5, Blues 2 The Detroit Red Wings are one game away from the Western Conference finals, and Sergei Fedorov is leading them there.

Fedorov had two goals and an assist in the third period on Thursday as the Red Wings pulled away for a 5-2 victory over the St. Louis Blues and a 3-1 series lead.

South Korean Rookie Shoots a 65 in LPGA Tourney

By Clifton Brown
New York Times Service

WILMINGTON, Delaware — People who have watched Se Ri Pak play golf have been predicting a special performance.

Pak started playing golf in her native South Korea at age

14, and by the time she was 17, she was regularly breaking par. She won 30 tournaments as an amateur, adding to her reputation. Then when she tied for low medalist at LPGA qualifying school in October, earning her card on her first attempt at age 20, Pak was touted as a potential star.

On Thursday, Pak looked like a player who can handle expectations. Shooting a 6-under-par 65, she held a one-stroke lead over Lisa Walters after the first round of the McDonald's LPGA Championship. Heather Daly-Donofrio, another rookie and women's golf coach at Yale, was in a five-way tie for third place at 68, with Dale Eggeing, Michelle McGann, Hollis

Stacy and Susie Redman. Pak's performance would have been impressive for anyone, but it was special to watch a rookie starting the second major of her career with such poise. She kept her composure despite being paired with two Hall of Famers, JoAnne Carner and Nancy Lopez. After missing an easy 3-foot putt on No. 14 and making a bogey, Pak stayed cool and answered with a birdie at No. 16.

Powerfully built at 5 feet 6 inches, Pak is one of the LPGA's longest hitters, and that length was a great asset Thursday on a challenging DuPont Country Club course that was still damp from recent rain. Pak birdied all three

par-5 holes, and she missed only one fairway, looking completely at ease on a course with which she was not familiar. Because of the rain earlier this week, Pak played the front nine during only one practice round, and she had never played the back nine previously. Nobody could detect that from Thursday's round, which featured eight birdies and just two bogeys.

"I feel good," said Pak, who has been studying English for about a year. "I play golf in Korea, every time I win, or was second. Here, it's not easy. It's difficult here, many strong players. I'm working hard, and it really helped."

LIVE - Motorcycle World Championship

The Italian Grand Prix

tune in Sunday

11.00 (CET)

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SCORECARD

BASEBALL

MAJOR LEAGUE STANDINGS

Team	W	L	Pct.	GB
AL East				
Yankees	21	11	.656	—
Red Sox	19	13	.594	2.0
Blue Jays	18	14	.563	3.0
Toronto	17	15	.529	4.0
Baltimore	16	16	.500	5.0
AL West				
Seattle	20	12	.625	—
Oakland	19	13	.594	1.0
Angels	18	14	.563	2.0
Mariners	17	15	.529	3.0
California	16	16	.500	4.0
NL East				
Braves	22	10	.688	—
Phillies	21	11	.656	1.0
Reds	20	12	.625	2.0
Pirates	19	13	.594	3.0
Cubs	18	14	.563	4.0
NL West				
San Diego	21	11	.656	—
Padres	20	12	.625	1.0
Flames	19	13	.594	2.0
Rockies	18	14	.563	3.0
Mets	17	15	.529	4.0

DAVE BARRY

Lost and Found, U.S.A.

MIAMI—I think I might know where the missile launcher is. I'm referring here to the \$1 million missile launcher that our armed forces have apparently misplaced, according to the recent audit of the U.S. government (motto: "We Have a Motto, but We Don't Know Where It Is").

You might have missed the news stories about this audit, which didn't get a whole lot of media attention because—as difficult as this is to believe—it had nothing to do with Paula Jones.

The background is, back in 1994 Congress decided that there should be a complete audit of the entire federal government. This seemed like a good idea, since the U.S. government—which is the fourth-largest financial entity in the world behind Bill Gates, the Spice Girls and your electrician—had not been audited for (this is the truth) more than 200 years. The reason Congress did not get around to ordering an audit any sooner is that it has been extremely busy with its primary functions, which are (1) spending money; (2) declaring National Cottage Cheese Appreciation Week and (3) authorizing the IRS to hammer taxpayers for inadequate record-keeping.

The good news is, I made up the audit findings.

The auditors spent thousands and thousands of hours at the U.S. Government Records Facility, which is a 1,400-foot-long shoe box containing an estimated 139 billion receipts and what are believed to be George Washington's original teeth. When the auditors were finally finished, they released a report that contained a number of alarming findings, including these:

• It turns out that both "Lewis" and "Clark" were actually the same person, and he never got farther west than New Jersey.

• Although according to the Constitution there are supposed to be nine members of the Supreme Court, a detailed search of the premises, including under all the desks, turned up only five.

• In one three-month period, the Task Force on Reinventing the Government, headed by Vice President Gore, spent, without any formal authorization or supporting documentation, \$141 million on party hats.

Now I have some good news and some bad news. The good news is, I made up the preceding audit findings. The bad news is, the real audit findings are worse. I am NOT referring to the finding that the government has no idea what happened to billions and billions of dollars. That is totally understandable. When you are sucking in and spewing out money as fast as the federal government, you have to expect that here and there a billion dollars is going to fall between the cracks.

I bet if federal employees took just a few minutes out of their work schedules to look around, they'd quickly find a lot of this so-called "lost" money.

THE BAD NEWS IS, the real findings are worse.

FIRST FEDERAL EMPLOYEE: O.K., I'll just check behind the cushions of this federal employee's lounge sofa here and... Hey, here's some! Looks like a total of, let me see, two, three, four... Wow! It's \$17 million!

SECOND FEDERAL EMPLOYEE: So THAT'S what happened to it!

So I'm confident that the money is around somewhere. What has me concerned is the auditors' finding that the federal government has also apparently lost track of some fairly large items, including—and I am not making these missing items up—a \$1-million army missile launcher, two \$4-million navy engines for fighter aircraft, two large navy tugboats costing \$875,000 each and a \$460,000 floating crane.

Now, in any organization you're going to have people stealing pens, paper clips, etc. But security has to be pretty darned lax for somebody to walk off with a "tugboat."

What concerns me is, what if we have a defense emergency and we need these missing items? Are we going to scare Saddam Hussein if our fighter pilots have to sit on the runway in engine-less planes and make fighter-plane noises with their mouths? Also, if the government doesn't know where its crane is, what ELSE doesn't it know?

For example, I was in Washington recently, and I walked past a huge building that said "Department of the Interior"; then a short while later I walked past ANOTHER huge building that said "Department of the Interior." This has to be a mistake. Why would we need TWO departments of the interior? We only have one interior! Unless we've lost THAT, too.

So I think the government should stop whatever else it's doing until it finds all this missing property. I think a good place to start looking would be my garage. So I say to the government: Come and get it! And while you're here, please take these Supreme Court justices, because they're starting to smell.

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Booze and Brawls, Sure, but Always the Voice

By Mike Zwerin
International Herald Tribune

PARIS—On stage in a club in Atlantic City, New Jersey, Frank Sinatra was between songs, holding a glass of strong-colored liquid; a cigarette in the same hand was curling smoke. The room was full of smoking people wearing silk and expensive perfume.

"A friend in need," Sinatra said, holding his breath, just long enough for suspense, "is a drag."

At the same time, he had a reputation for being generous with his friends. This dichotomy reflected his general schizophrenia. Was he a movie star or a singer? A pop or a jazz singer? A hipster or a gangster? A sweet and generous guy or a mobster?

As a movie star, he seemed to leave a certain sense of realism to be desired. For example, as he lay dead or dying (or perhaps getting ready to rise up and belt out a bridge) on the railroad tracks at the end of "Von Ryan's Express," it is hard to ignore the fantasy that his hairdresser got there just before the SS.

Maybe we should blame the director for that, but there was something to be desired any way you looked at it. In any case, the gift he will be remembered for long after the sensational unauthorized biographies are out of print is that it was all about listening, not looking. He was without doubt the most talented male singer of our lifetime.

Not many artists (probably not even one) have reached so many people on so many levels for so many years with such quality.

Lester Young was the ultimate swing era saxophone player. He was a master spinner of melody who was called "the Mozart of swing."

Pres was not someone who had patience with commercialism. He went all the way every time and he judged everybody else on the same value system. He was also not, it should be added, the kind of musician who would ever have had the ambition, commercial appeal or the

business smarts to lead a big band. Still, it meant something to a lot of people when Pres said that, if he ever led a big band, he would hire Billie Holiday and Frank Sinatra as his female and male singers.

Now this was a compliment that came from a highly respected place. It gives you some idea of the range of Sinatra's appeal. As far as his technique is concerned, opera singers have admired his famous breath control, which he learned from spying on Tommy Dorsey on stage from his seat behind the leader as the trombonist played melodies.

Dorsey sipped in breath from the side of his mouthpiece without opening his mouth, and he could extend phrases for many measures, as though he were circular breathing. Sinatra learned how to do that.

In the 1956 Encyclopedia of Jazz, Sinatra was voted top male singer by 56 out of 120 musicians, black and white, of all styles and ages—among them Duke Ellington, Andre Previn, Benny Goodman, Nat King Cole, Miles Davis, Gerry Mulligan and Horace Silver.

There were very few white musicians who could include "jazz" in their curricula vitae and not be questioned about the truth of it by black Americans. Sinatra was one. Stan Getz was another. Coincidentally or not, both of these gentlemen had difficult personalities. They seemed to take pleasure in being mean. And then leaving you to figure out whether they were acting or not.

Gillespie was once asked by a journalist whether it was possible for a person with an ugly personality to make beautiful music. Gillespie went right in the journalist's face and said slowly, deliberately and loudly: "Stan... Getz."

Sinatra and The Beatles had one essential thing in common. They were both swamped by hordes of screaming adolescent girls. Different generations, but still. They were considered sexy.

But is it also possible, just a remote possibility mind you, that



Frank Sinatra in 1957. He died of a heart attack Thursday at 82.

these screaming girls understood true talent before the rest of us? Is it possible that this talent reached the innocence of youth first in its own weird way, and then we "mature" folk picked it up from there?

One way or another, they both went on to reach pretty much everybody. But even that further path was not dissimilar. Both of them had... let's just say outlaw qualities, as well as the ability to serve up sensitive and inventive music.

The Beatles were on drugs. Their groupie action was heavy—Sinatra's too. He also drank a lot and

smoked cigarettes. None of them were exactly interested in developing their peers and working out and jogging. And just like Paul McCartney admitted that marijuana had something to do with the creativity of "Sgt. Pepper's Lonely Hearts Club Band," Julio Iglesias once claimed that Sinatra told him that smoking tobacco had a lot to do with the rich and funky quality of Sinatra's voice. In other words, can it be that tobacco is good for you?

Well, we won't take that seriously. Still, this story of exquisite interpretation of love songs is laced with booze, brawls and miscel-

laneous vulgarity. At the least, Sinatra's lifestyle can be described as rude.

This is not a new question. Benny Goodman was often tyrannical. When asked how he liked touring Russia with Benny Goodman, Zoot Sims replied, "When you play with Benny Goodman, every gig is in Russia."

But this "tyrant" played fine clarinet and had a wonderful orchestra. Michael Brecker, the saxophonist who has played with demanding pop acts like Steely Dan and Paul Simon, says he was never as nervous in a studio as he was backing Sinatra. With Frank, you got it on the first take or it could get rough. You could be asked to leave. He was only applying his own rules to others. He made it on the first take, why not the hired hands?

By the time he hit his 60s, some critics were saying he was losing his voice. Actually it was kind of aging, like fine wine. Whatever he lost in breath control, he gained in emotional depth.

And as Gene Lees said about him in his book "Singers and the Song": "For a very long time, Frank Sinatra turned the singing of the American song into an art form."

A four-disc box, "Frank Sinatra: The Reprise Collection," was released in 1990. The novelist William Kennedy, who wrote the album notes, had heard him in concert earlier that year. Sinatra was in his 70s, remember. "How can anybody be so good for that long?" Kennedy asked.

"You listen and you know that this is not Frank in his best voice ever but it does not matter. It's his sound, his cadence, his tune, him, and it's as good as it can be and that's still very, very good."

"You do not have to have Frank on video, or in a movie or on a TV show, or even invent conversation in person with this fellow who is a stranger. You really don't need these presences. All you need is the music the man has made and that has been with you all your life."

PEOPLE

The singer George Michael pleaded no contest to a lewd conduct charge in Los Angeles and was ordered to serve 81 hours of community service and undergo sexual counseling. The plea-bargain agreement also barred the singer from the Beverly Hills park where he was arrested on April 7 in a men's restroom. In addition to the required community service, he will have the choice of 80 further hours of service or a \$910 fine.

A second member of the Spice Girls was reported to have become engaged. The Sun said Friday that "Scary Spice," Mel Brown, had joined fellow band member "Posh Spice," Victoria Adams, in announcing her engagement. The paper said Mel B was engaged to the band dancer Jimmy Guitierrez.

Joe Klein has left Random House, the publisher of "Primary Colors," and signed a multibook deal with Dial Press. First up: a political novel, untitled and unfinished. Negotiations with Random House broke down, a source told The Washington Post, when Klein wanted an advance for the second book that reflected the huge success of the first. Random House noted that Klein didn't officially write the first book. Anonymous did.

The film director Spike Lee, Vice President Al Gore and Jean Kennedy Smith, the U.S. ambassador to Ireland, have been awarded honorary degrees by New York University.



Spike Lee receiving his honorary doctorate.

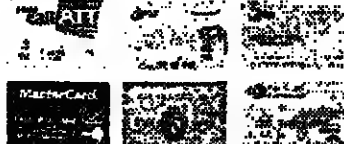


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